



Expanding Horizons...



**SOLAR  
INDUSTRIES  
INDIA  
LIMITED**

16th Annual Report 2010-11

## Forward looking statement

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements - written and oral – that we periodically make contain forward-looking statements that set out anticipated results based on the management’s plans and assumptions. We have tried wherever possible to identify such statements by using words such as ‘anticipate’, ‘estimate’, ‘expects’, ‘projects’, ‘intends’, ‘plans’, ‘believes’, and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievements of results are subject to risks, uncertainties, and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated, or projected. Readers should keep this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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# Corporate Information

## Board of Directors

Shri Satyanarayan Nuwal	Chairman and Executive Director
Shri Kailashchandra Nuwal	Executive Director
Shri Manish Nuwal	Executive Director
Shri Kundan Singh Talesra	Executive Director
Shri Roomie Dara Wakil	Executive Director
Shri Anant Sagar Awasthi	Non-Executive Independent Director
Shri Satish Chander Gupta	Non-Executive Independent Director
Shri Dilip Patel	Non-Executive Independent Director
Shri Ajai Nigam	Non-Executive Independent Director
Shri Anand Kumar	Non-Executive Independent Director

## Compliance Officer

Shri Nilesh Panpaliya  
Chief Financial Officer

## Company Secretary

Mrs. Khushboo Pasari

## Statutory Auditors

M/S Gandhi Rathi & Co.  
Chartered Accountants, Nagpur

## Bankers

State Bank of India  
Bank of India  
Axis Bank Limited  
DBS Bank  
ICICI Bank  
HSBC Bank  
HDFC Bank Ltd.  
Yes Bank  
Standard Chartered Bank

## Registered and Corporate Office

11, Zade Layout, Bharat Nagar  
Nagpur-440033  
Ph: +91-712-2561000  
E-mail: solar@solarexplosives.com

## Registrar and Share Transfer Agents & Depository Registrar

Link Intime India Private Limited  
C-13, Pannalal Silk Mills Compound  
LBS Marg, Bhandup (W), Mumbai-400078  
Ph: 022-25963838  
E-mail: solar@linkintime.co.in

## Audit Committee

Shri Anant Sagar Awasthi	Chairman
Shri Satish Chander Gupta	Member
Shri Dilip Patel	Member
Shri Manish Nuwal	Member

## Shareholders Grievance Committee


Shri Anant Sagar Awasthi	Chairman
Shri Kailashchandra Nuwal	Member
Shri Kundan Singh Talesra	Member

## Remuneration Committee

Shri Anant Sagar Awasthi	Chairman
Shri Satish Chander Gupta	Member
Shri Dilip Patel	Member


## Grievance Redressal Division

investor.relations@solarexplosives.com



**16 years**  
**Rs. 722.86 crore**  
**of turnover**

**The numbers are encouraging.**  
**The way ahead, exciting.**



**“And when we think  
we lead, we are  
most led”**

**The famous saying  
sums up the  
motivation  
we derive from our  
own dynamic  
performance.**

**Our products and  
services have  
successfully captured  
the needs and  
expectations of our  
valuable customers  
in India and abroad.**

**With our willingness  
and a continuous  
zeal to explore  
growth frontiers,  
we are expanding  
the horizons of our  
growth...**

---

by further scaling up our domestic  
manufacturing capacities

---

by spreading our wings outside India

---

by strengthening our value added portfolio  
with the addition of electronic detonators

---

by developing products for defence using  
our infrastructure and experience

---

by integrating coal mining into the business  
as a core offering

---

**These initiatives shall mark the  
beginning of yet another success  
story for Solar Industries India  
Limited and add value for its  
stakeholders.**

# We are India's largest manufacturers and exporters of explosives and explosive accessories

Solar Industries India Limited (SIIL), headquartered at Nagpur, is an integrated player backed by stringent safety norms, excellent infrastructure and quality products. The Company caters to major mining, infrastructure and construction companies. Prestigious clients include Coal India Limited, Hindustan Zinc, Tata Steel, Jindal, SAIL, ACC, HCC, Gammon and L&T among others.



THE COMPANY ALSO EXPORTS ITS PRODUCTS TO MORE THAN 15 COUNTRIES ACROSS THE MIDDLE-EAST, AFRICAN, AND SOUTH EAST ASIAN MARKETS.

## Bulk explosives

Licensed capacities 1,86,630 MT

## Cartridge explosives

Licensed capacities 76,590 MT

Revenue share

**75%**

## Detonating fuse

Licensed capacities 75 Mn mtrs

## Detonators

Licensed capacities 140 Mn nos

## Cast boosters

Licensed capacities 1500 MT

Revenue share

**25%**

## Manufacturing facilities

Spread across **16** locations in **8** states across India, SILL's manufacturing facilities are ISO 9001:2000 certified. The Company has set up manufacturing units in Africa and is in the process of setting up another manufacturing facility in Europe.

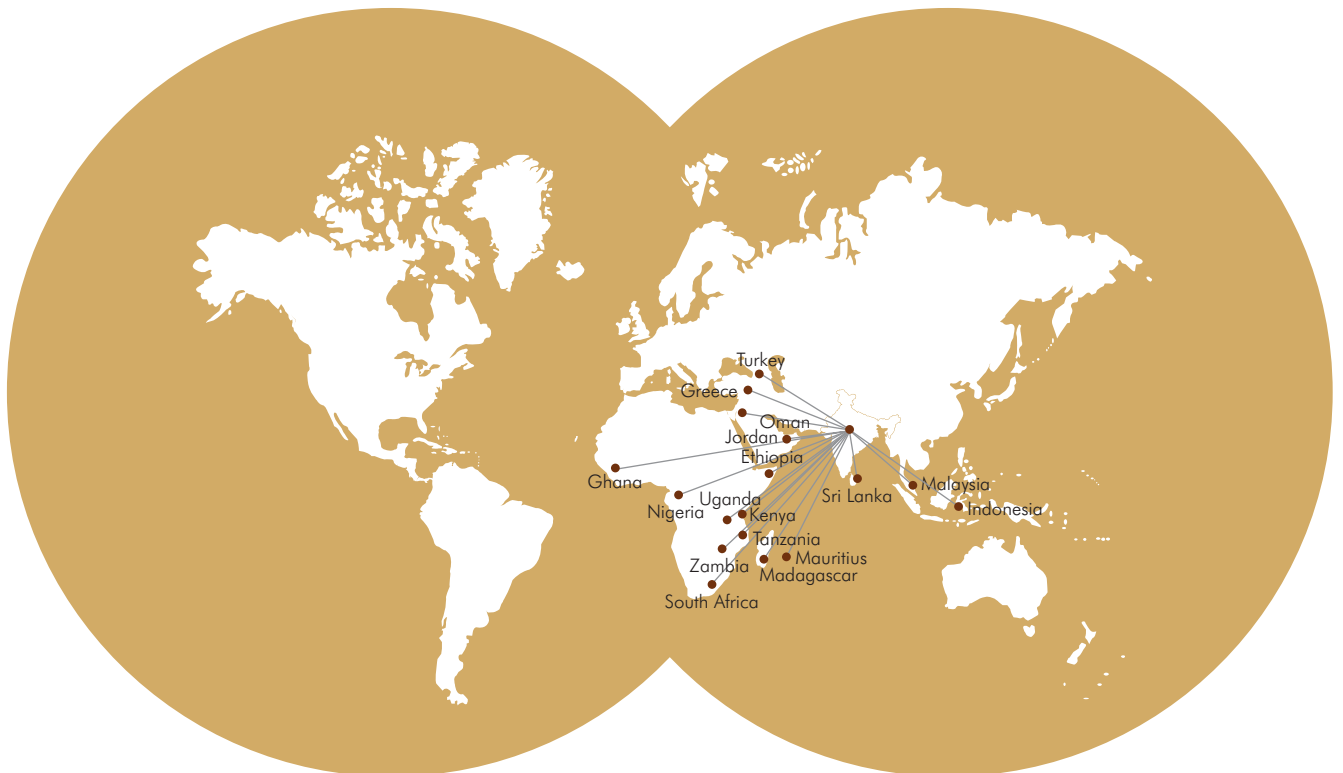
### India

Maharashtra, Madhya Pradesh, Chhattisgarh, Orissa, Jharkhand, West Bengal, Rajasthan and Andhra Pradesh

### Africa

Zambia, Nigeria

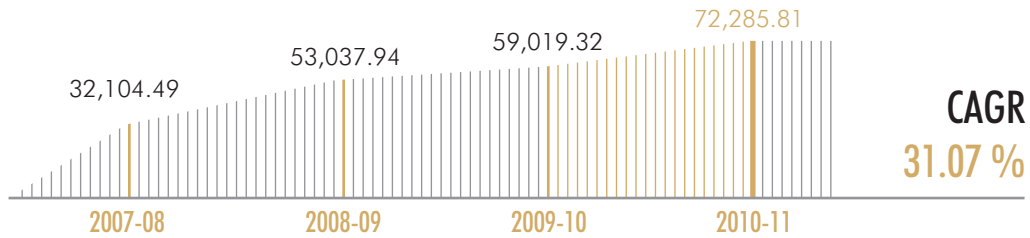
## Export presence



# Year on Year Performance Meter

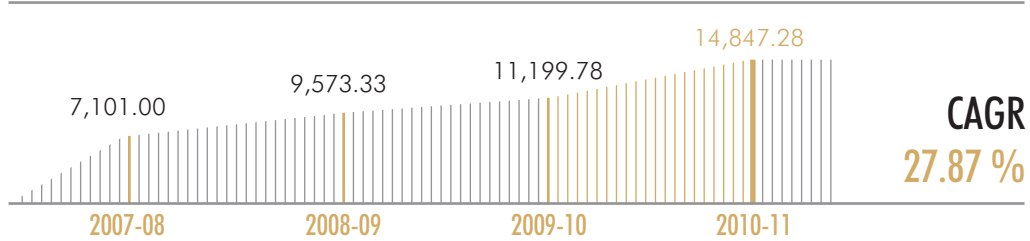
## Gross Turnover

(Rs. in lacs)



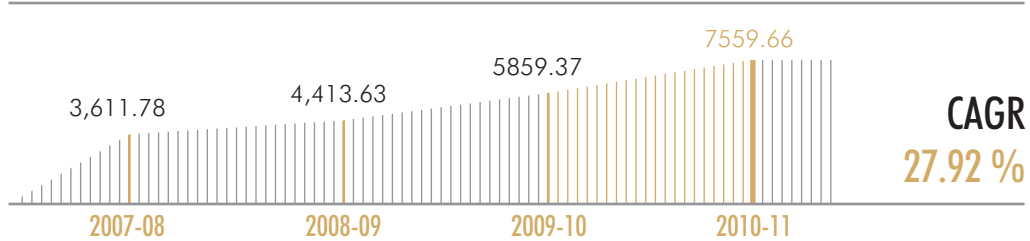
## EBIDTA

(Rs. in lacs)



## PAT

(Rs. in lacs)



**22.48%** ↑  
YoY Gross Turnover

**32.57%** ↑  
YoY EBIDTA

**29.02%** ↑  
YoY PAT

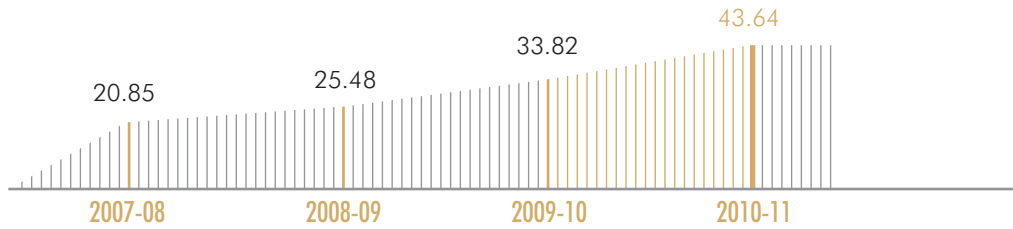
**20.53% increase in sale volume**

**112,000 MT** → **135,000 MT**  
2009-10                      2010-11



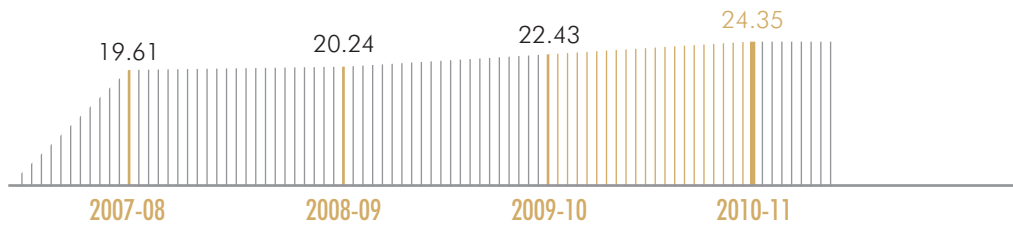
## EPS – Basic

(Rs.)



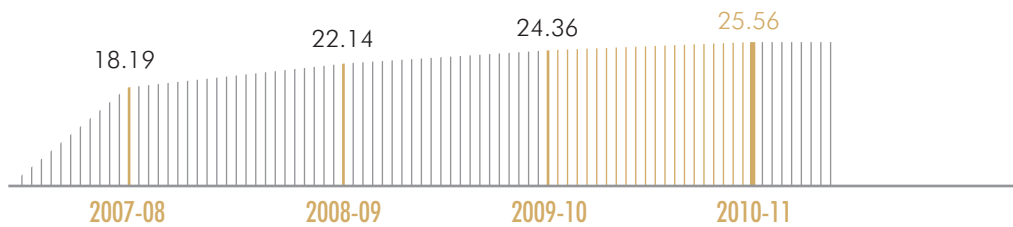
## Return on Net Worth

(%)



## Return on capital employed at PBT level

(%.)



8.56%

YoY Net Worth



181 bps

EBIDTA margin



66 bps

PAT margin



86.14% increase in exports

Rs. 61.19 crore

2009-10



Rs. 113.90 crore

2010-11

Note: Exports from India includes sales to overseas subsidiaries.

# Chairman's perspective

## Dear Shareholders,

One has to be constantly on the move, to maintain consistent growth. As leaders in our industry, we learnt this lesson early and have constantly invested our business with vision and foresight. Consequently, we worked towards rapidly expanding our business in geographic terms, along with synergistic diversifications that entail a healthy contribution, leverage our industrial expertise, and result in enhanced shareholder value.

I am pleased to report to you that Solar Industries performed well in 2010-11, registering a healthy growth in our revenue and margins. The strong growth in numbers has been possible due to increased domestic and overseas market penetration and enhanced operational efficiencies.

We are positive on the prospects and potential of our business, and expect to grow at a rate higher than the general economic growth. The reasons for our optimism and confidence are both internal and external. Stringent safety norms, consistent product quality and strong infrastructure have been the pillars of our service to our customers, and will continue to yield results for us. Also, the Indian economy which will continue to grow at above 8% level in the Twelfth Plan period will entail tremendous investments in infrastructure, particularly power, roads, steel cement and coal.

Solar is committed to leverage these opportunities and garner a major share of this impending growth, whilst retaining its leadership position. At the same time, we are increasing our focus on operational-efficiency to world-class levels.

I am proud to share with you, that we have started our first overseas plant in Zambia. This bulk explosive plant with a

**Stringent safety norms, consistent product quality and strong infrastructure have been the pillars of our service to our customers, and will continue to yield results for us.**

production capacity of 10,000 tonnes, will cater to the needs of mining customers in Zambia and Congo. Further our second plant at Nigeria for cartridge explosives which was long overdue has been commissioned, and the commercial production will commence soon. We are now looking forward to set up manufacturing facilities in a joint venture in Turkey, for which the basic formalities have been completed and land has been acquired.

With our experience and knowledge of explosives and explosives related substances, another area where we visualise significant potential is in the Defence Sector. I am happy to inform you that we are now in the process of developing specific products for the Defence Sector using the expertise available with us.

Last year, we had entered into strategic diversification and forward integration by extending our business into coal mining viz. The Bhatgaon coal block and Madanpur coal block. The Bhatgaon coal block with a reserve of almost 80 million MT is expected to become operational in couple of years, with various consents and clearances being already obtained. The Madanpur coal block with a reserve of 36 million MT is categorised as 'No-



Go-Area' by the Ministry of Environment and Forests. However, we are extremely hopeful that this block will be cleared.

All these prospects are dependent upon people, and we are conscious of the need to build a good, responsible and strategically capable team. During the year, significant impetus was placed on team building and skill enhancement. We have invested in training so that our people (both new and existing) are abreast of the latest developments and are fully equipped to take on the future with confidence.

Apart from training and skills development, our keen focus on safety, quality and environment are the cornerstones of our success. Considering the sensitive nature of our products, we adhere to stringent safety and quality standards at every step of our process, be it design, development, manufacture, storage, transport or distribution. Our long-standing association with SAFEX, an international body that dictates safety norms in explosives, has added to the steps we take to align ourselves with the best safety practices in the world.

The confidence of expanding our horizons is a reflection of the overwhelming support of our stakeholders, shareholders, bankers, customers and of course, our workmen, officers and staff. Our transparent approach makes me optimistic of achieving our goals.

Best Wishes

Satyanarayan Nuwal

All these prospects are dependent upon people, and we are conscious of the need to build a good, responsible and strategically capable team. During the year, significant impetus was placed on team building and skill enhancement. We have invested in training so that our people are abreast with the latest developments and are fully equipped to take on the future with confidence.

Expanding horizons...

# Ready for India's future infrastructural needs

As catalysts of infrastructural development in India, we shall reap direct benefit from the robust investment across the various infrastructure projects in India.



## Power

# 100,000 MW +

Estimated capacity addition requirement during the period of the Twelfth Plan (75,000 MW of coal based)

(Source: The Central Electricity Authority)



## Steel

# 72.9 million MT to 120 million MT

Increase in steel production capacity by 2012 driven through expansions by steel majors - SAIL, RINL, NMDC, JSW, Jindal Steel & Power, SR Steels and Tata Steel among others



## Cement

# 550 million MT

Expected increase in the cement demand by 2020

(Source: Business Standard)



## Road

# 7,994 Kms

Road construction projects awarded by NHAI keeping in line with the Ministry's dictum of building 20 km-a-day



## Infrastructure

# Rs. 41 lacs crore

Expected investment in the infrastructure sector in the Twelfth Plan period



Consequently, demand for coal, iron ore, limestone and road metal shall increase substantially which shall result in increased demand for explosives. Our business spread will help supply to future needs of related segments and uphold our market leadership.

Expanding horizons...

# Charting new destinations: Zambia and Nigeria

Our new manufacturing facilities in Zambia and Nigeria will help us in catering our customers in a better way and strengthen our foothold in nearby markets.



Manufacturing facility at Zambia



Manufacturing facility at Nigeria

13.14%

Total revenue contribution from the overseas operations  
in FY 2010-11



Expanding horizons...

# Exploring, not just exploding: coal mine acquisition

The Company considers its two coal blocks at Madanpur and Bhatgaon to be its treasures. Once rendered operational, the forward integration into coal mining will open the avenues of a strong source of additional revenue.





**36 million MT**

Allotment of coal mines in Madanpur



**80 million MT**

Total geological reserves at Bhatgaon



# Safety, health, environment and human resources



## Safety

At Solar, safety is top operational priority. Our organised contingency safety precautions can address any unforeseen accidents that may occur during the manufacturing process.

## SAFEX

Solar's association with SAFEX, (an international body that dictates safety norms in explosives) results in higher awareness about possible incidents in explosives companies all over the world. The Company picks up key learning from these cases and applies it in operational and manufacturing processes, thus strengthening its own safety standards to be in line with the international norms.

The concept of reporting 'Learning Incidents' has been adapted by plant personnel at all levels, actively. It is an incident or observation which could have possibly led to an accident or injury. The increasing number of incidents reported indicates deepening awareness towards safety. The Company awards those employees who report the maximum number of learning incidents during the year.

## 128

Learning incidents in 2009-10



## 140

Learning incidents in 2010-11



## 3.14 million

Total accident free man-hours worked since last lost time accident



Training conducted		Personnel trained		Total manhours of training	
Supervisor/ Executive	Operator	Supervisor/ Executive	Operator	Supervisor/ Executive	Operator
120	230	705	3721	2115	11000



### Health

At Solar, we prize the health of our employees and workers, as well as their families just as much as we prize the health of our organization. To make health related issues less burdensome, we have undertaken several initiatives that enables our employees to mitigate contingencies without the ensuing stress.

- All our employees are covered under the Employee Personal Accident policy from the very first day of their service. This policy provides safety on health related aspects
- A compensation policy for all workers covers accidental damage, accidental disability and accidental death, for all plant workers
- Group Mediclaim policy covers the employees' family members (parents, spouse and up to two children)
- Cashless facility for hospital treatment, so the employee can easily handle family health related expenses
- Periodical medical check-ups for employees and workers
- A dedicated physician has been appointed at the manufacturing facility to address any accidents and provide first-aid treatment and refer to the hospital for further treatment

The Company also has a well-stocked and accessible first-aid kit, essential safety accessories, mineral water for drinking and landscaping and gardening to make the campus a pleasant environment in which to work.



### Environment

At Solar, we take stringent measures to protect the environment. We adopt eco-friendly technology at every step with a focus on minimising pollution, control waste and conserve natural resources.

Apart from the successful implementation of the ISO 9001-2008, the Company also conforms to the Environmental management system (ISO 14001-2004) and OHSAS (18001-2007) for Occupational Health and Safety certifications.

### Human Resources

The leadership position attained by the Company over the years is largely due to the dedication and commitment of its people.

Hence to manage the change of the business landscape, the Company has invested substantially in the development of its human capital. We recruit and retain the best talent and ensure skill and personality development of our work force by internal and external training at all levels. We believe that our people will be the biggest drivers of our growth and diversification agenda and therefore, we build significant capabilities in the relevant disciplines.

# Our Board of Directors



Mr. Satyanarayan Nuwal



Mr. Kailashchandra Nuwal



Mr. Manish Nuwal



Mr. Kundan Singh Talesra



Mr. Roomie Dara Vakil

# Financial Highlights (Consolidated)

Particulars	Rs. in lacs		
	2010-11	2009-10	2008-09
Gross Turnover	72,285.81	59,019.32	53,037.94
Excise Duty	4,340.73	3,277.93	4,258.81
Other Income	2,701.77	2,598.79	2,599.09
Total Expenditure	57,841.64	49,261.33	44,775.22
EBIDTA	14,847.28	11,199.78	9,573.33
Depreciation	766.21	784.96	621.84
Profit Before Tax	12,805.22	9,078.84	6,603.00
Profit After Tax	7,559.66	5,859.37	4,413.63
Gross Block	24,114.14	15,133.47	14,457.16
Net Fixed Assets	22,182.72	13,559.70	11,978.38
Investments	1,225.80	1,044.67	440.97
Net Current Assets	27,919.50	23,709.69	17,844.88
Cash & Bank Balance	6,702.33	9,397.83	7,293.85
Total Debts	16,168.11	10,767.83	7,174.49
Share Capital	1,732.38	1,732.38	1,732.38
Reserves & Surplus	29,871.58	24,792.00	20,351.38
Net Worth	31,050.01	26,120.36	21,802.00
Earning Per Share(Basic) (In Rs.)	43.64	33.82	25.48

# Notice

## calling Annual General Meeting

Notice is hereby given that the Sixteenth Annual General Meeting of the members of the Company will be held on Wednesday, 10th August, 2011 at 12.30PM at Hotel Tuli Imperial, Central Bazar, Ramdaspath, Nagpur - 440 010, Maharashtra to transact the following business:

### Ordinary Business:

#### ITEM NO. 1

To receive, consider and adopt the Balance Sheet as at 31st March, 2011 and the Profit & Loss Account of the Company for the year ended on that date along with the Reports of the Director's and Auditor's thereon.

#### ITEM NO. 2

To declare Dividend on the Equity Shares for the Financial Year ended on 31st March, 2011.

#### ITEM NO. 3

To appoint a Director in place of Shri Kailashchandra Nuwal, who retires by rotation and being eligible, seeks re-appointment.

#### ITEM NO. 4

To appoint a Director in place of Shri Manish Nuwal, who retires by rotation and being eligible, seeks re-appointment.

#### ITEM NO. 5

To appoint a Director in place of Shri Kundan Singh Talesra, who retires by rotation and being eligible, seeks re-appointment.

#### ITEM NO. 6

To appoint a Director in place of Shri Anant Sagar Awasthi, who retires by rotation and being eligible, seeks re-appointment.

#### ITEM NO. 7

To appoint Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT M/s Gandhi Rathi & Co, Chartered Accountants, be and are hereby appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors."

### Special Business:

#### ITEM NO. 8

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, Shri Anand Kumar, who was appointed as a Director in casual vacancy pursuant to the provisions of Section 262 of the Companies Act, 1956 and Article 185 of the Articles of Association of the Company, be and is hereby appointed as a Non-Executive Independent Director of the Company liable to retire by rotation."

#### ITEM NO. 9

To consider and if thought fit to pass with or without modification following resolution as an Ordinary resolution:

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, 310 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, approval of the Company be and is hereby accorded to the re-appointment of Shri Satyanarayan Nuwal as Executive Director of the Company, for a period of 5 (Five) years with effect from 1st April, 2011, on the terms and conditions including remuneration as set out in the Explanatory Statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) to alter and vary the terms and conditions of appointment and / or remuneration, subject to the same not exceeding the limits specified under Schedule XIII of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof."

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

#### ITEM NO. 10

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, 310 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, approval of the Company be and is hereby accorded to the appointment of Shri Kailashchandra Nuwal as Executive Director of the Company, for a period of 5 (Five) years with effect from 1st April, 2011, on the terms and conditions including remuneration as set out in the Explanatory Statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors (hereinafter referred to as “the Board” which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) to alter and vary the terms and conditions of appointment and / or remuneration, subject to the same not exceeding the limits specified under Schedule XIII of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof.”

“RESOLVED FURTHER THAT the Board be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution.”

#### ITEM NO. 11

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, 310 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, approval of the Company be and is hereby accorded to the appointment of Shri Manish Nuwal as Executive Director of the Company, for a period of 5 (Five) years with effect from 1st April, 2011, on the terms and conditions including remuneration as set out in the Explanatory Statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors (hereinafter referred to as “the Board” which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) to alter and vary the terms and conditions of appointment and / or remuneration, subject to the same not exceeding the limits specified under Schedule XIII of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof.”

“RESOLVED FURTHER THAT the Board be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution.”

#### ITEM NO. 12

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to Section 198, 269, 309, 310 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, the Company hereby approves the appointment of Shri Kundan Singh Talesra as Executive Director of the Company for a period of 3 (Three) years and revision of remuneration with effect from 1st April, 2011 in the following manner:

- Salary – Rs. 3,00,000/- per month.
- Gratuity: Benefits in accordance with the rules and regulations in force in the Company from time to time, but shall not exceed a half month’s salary for each completed year of service subject to a ceiling of Rs. 3,00,000/-.
- Car & Telephone: Free use of car with driver & Telephone at his residence for use on Company’s business.
- Housing : Rent free furnished accommodation along with benefits upto (Rs. 1,50,000/- per Annum).

“RESOLVED FURTHER THAT the scope and quantum of remuneration and perquisites specified herein above, may be enhanced, enlarged, widened, altered or varied by the Board of Directors in the light of and in conformity with any amendments to the relevant provisions in the Companies Act and/or the rules and regulations made there under and/or such guidelines as may be announced by the Central Government from time to time.”

“RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any financial year during currency of tenure of service of Shri Kundan Singh Talesra, the payment of salary, commission, perquisites and other allowances shall be governed by the limits prescribed under section II of the part II of Schedule XIII to the Companies Act, 1956 including any statutory modifications or re-enactments thereof as may be for the time being, in force.”

“RESOLVED FURTHER THAT the Company shall pay to or reimburse Shri Kundan Singh Talesra and he shall be entitled to pay and /or to be reimbursed by the Company all costs, charges

and expenses that may have been or may be incurred by him for the purposes of or on behalf of the Company.”

#### ITEM NO. 13

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

RESOLVED THAT pursuant to Section 198, 269, 309, 310 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, the Company hereby approves the re-appointment of Shri Roomie Dara Vakil as Executive Director of the Company for a period of 3 (Three) years and revision of remuneration with effect from 1st April, 2011 in the following manner:

- Salary – Rs. 3,00,000/- per month.
- Gratuity: Benefits in accordance with the rules and regulations in force in the Company from time to time, but shall not exceed a half month's salary for each completed year of service subject to a ceiling of Rs. 3,00,000/-.
- Car & Telephone: Free use of car with driver & Telephone at his residence for use on Company's business.

“RESOLVED FURTHER THAT the scope and quantum of remuneration and perquisites specified herein above, may be enhanced, enlarged, widened, altered or varied by the Board of Directors in the light of and in conformity with any amendments to the relevant provisions in the Companies Act and/or the rules and regulations made there under and/or such guidelines as may be announced by the Central Government from time to time.”

“RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any financial year during currency of tenure of service of Shri Roomie Dara Vakil, the payment of salary, commission, perquisites and other allowances shall be governed by the limits prescribed under section II of the part II of Schedule XIII to the Companies Act, 1956 including any statutory modifications or re-enactments thereof as may be for the time being, in force.”

“RESOLVED FURTHER THAT the Company shall pay to or reimburse Shri Roomie Dara Vakil and he shall be entitled to pay and /or to be reimbursed by the Company all costs, charges and expenses that may have been or may be incurred by him for the purposes of or on behalf of the Company.”

By Order of the Board of Directors

Registered office:  
11, Zade Layout, Bharat Nagar,  
Nagpur - 440 033

(Khushboo A. Pasari)  
Company Secretary

Place: Nagpur  
Date: 19.05.2011

#### NOTES:

1. An explanatory statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of the special business is annexed hereto.
2. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself / herself and the proxy need not be a member of the Company. The instrument of proxy in order to be effective, must be deposited at the registered office of the Company, duly completed and signed not less than 48 hours before the meeting.
3. The Register of Members and Share Transfer books of the Company will remain closed from 2nd August, 2011 to 10th August, 2011 (both days inclusive) for determining the names of members eligible for dividend on equity shares if declared at the Annual General Meeting.
4. Members holding shares in physical form are requested to intimate immediately to the Registrar & Share Transfer Agent of the Company, M/s Link Intime India Private Limited, C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (W), Mumbai 400 078, quoting Registered folio number, details of their Bank Account/Change in Bank Account, if any to enable the Company to print these details on the Dividend warrants, and change in their address, if any, with Pin Code Number. Members holding shares in electronic form shall address communication to their respective Depository Participants only.
5. The payment of Dividend, upon declaration by the shareholders at the forth coming Annual General Meeting, will be made on or after 16th August, 2011 as under:
  - a) To all those beneficial owner(s) holding shares in electronic form as per the beneficial ownership data as may be made available to the Company by National Securities Depository Limited (NSDL)



- and the Central Depository Services (India) Limited (CDSL) as of the end of the day on 1st August, 2011.
- b) To all those shareholders holding shares in physical form after giving effect to all the valid share transfers lodged with the Company before the closing hours on 1st August, 2011.
6. Shareholders desiring any information relating to the accounts are requested to write to the Company at an early date so as to enable the management to keep the information ready.
7. For the convenience of members and for proper conduct of the meeting, entry to the place of meeting will be regulated by attendance slip, which is a part of the Annual Report. Members are requested to sign at the place provided on the attendance slip and hand it over at the entrance of the venue.
8. The brief profile of the Directors proposed to be appointed / re-appointed is given in the section on Corporate Governance.

By Order of the Board of Directors

Registered office:  
11, Zade Layout, Bharat Nagar,  
Nagpur - 440 033

(**Khushboo A. Pasari**)  
Company Secretary

Place: Nagpur  
Date: 19.05.2011

### Important Communication to Members

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice / documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants.

### Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956

#### ITEM NO. 3, 4, 5 & 6.

Details of Directors seeking re-appointment at the 16th Annual General Meeting.

As regards re-appointment of retiring directors viz Shri Kailashchandra Nuwal, Shri Manish Nuwal, Shri Kundan Singh Talesra and Shri Anant Sagar Awasthi, referred to in item Nos 3, 4, 5 & 6 of the Notice, brief resumes of these Directors, nature of their expertise in specific functional areas names of Companies in which they hold directorships/chairmanship of Board Committees their shareholding and relationships between directors inter-se as stipulated under clause 49 of the Listing Agreement with the Stock Exchanges are provided under the heading "Corporate Governance", which forms part of the Annual Report. The Board of Directors commends their respective re-appointments.

#### ITEM NO. 8

Details of Director seeking appointment at the 16th Annual General Meeting

The Board of Directors of the Company (the Board), at its meeting held on 29th October, 2010 has appointed, pursuant to the provisions of Section 262 of the Companies Act, 1956 (the Act) and Article 185 of the Articles of Association of the Company, Shri Anand Kumar by filling up the casual vacancy arising on account of resignation of Dr. Rishi Narain Singh, a Director.

In terms of the provisions of Section 262 of the Act, Shri Anand Kumar would hold office up to the date of this Annual General Meeting, as Dr. R.N. Singh, would have held office only up to the date of this Annual General Meeting.

The Company has received a notice in writing from a member proposing the candidature of Shri Anand Kumar for the office of

Director of the Company under the provisions of Section 257 of the Act.

Shri Anand Kumar has to his credit wide experience, expertise and knowledge; it will be in the interest of the Company that Shri Anand Kumar be appointed as a Non- Executive Independent Director, who shall be liable to retire by rotation in accordance with the provisions of the Articles of Association of the Company.

A brief resume of Shri Anand Kumar, nature of his expertise in specific functional areas and names of companies in which he holds directorship and membership / chairmanship of Board Committees, as stipulated under Clause 49 of Listing Agreement with the Stock Exchanges in India are provided in the Report on Corporate Governance forming part of the Annual Report.

The Board commends the resolution set out at Item No. 8 of the Notice for your approval.

None of the Directors except Shri Anand Kumar is interested in the above resolution.

#### ITEM NO. 9

The Board of Directors have re-appointed Shri Satyanarayan Nuwal as Chairman and Executive Director for a period of 5 years from 1st April, 2011. Further, as per the recommendation of the Remuneration Committee, and as prescribed in Schedule XIII of the Companies Act, 1956, the remuneration of Shri Satyanarayan Nuwal has been fixed for a period of five years in the following manner

- i) Salary – Rs. 10,00,000/- per month.
- ii) Commission – Commission on the net profit of the Company for each financial year not exceeding 1 % of the Company's Net Profit.
- iii) Perquisites – Perquisites shall be restricted to an amount equal to the annual salary or Rs. 50, 00,000/- per annum whichever is less.

#### Perquisites are classified into following categories.

- iv) Medical Reimbursement: Reimbursement of the expenses incurred by the Director for self and family subject to a ceiling of one month's salary in a year or three months salary over a period of three years.
- v) Leave Travel Concession: Leave Travel Concession for Director and his family, incurred in accordance with the rules of the Company.
- vi) Personal Accident Insurance: Personal accident Insurance of an amount, the annual premium of which does not exceed Rs. 5,000/-.
- vii) Club Fees: Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fees.

viii) Pension/Superannuation: Benefits in accordance with the rules and regulations in force in the Company from time to time. The Company's contribution to Provident Fund, Superannuation Fund and /or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent of the same either or put together are not taxable under the Income Tax Act.

ix) Gratuity: Benefits in accordance with the rules and regulations in force in the Company from time to time, but shall not exceed a half month's salary for each completed year of service subject to a ceiling of Rs. 50,00,000/-.

x) Car & Telephone: Free use of car with driver & Telephone at his residence for use on Company's business.

xi) Leave: Leave on full pay and allowance at the rate of one month for every eleven months of service with liberty to accumulate such leave for a period of six months. Leave encashment for a maximum of six months, accumulated leave to be permitted at the end of the term.

xii) Benefits under the loan and other schemes in accordance with the practices, rules and regulations in force in Company, from time to time.

xiii) Such other benefits and amenities as may be, provided by the Company to other senior officers from time to time. The Company shall pay to or reimburse to him and he shall be entitled to pay and /or to be reimbursed by the Company all costs, charges and expenses that may have been or may be incurred by him for the purposes of or on behalf of the Company.

xiv) Provident Fund: Company's contribution towards provident fund, subject to ceiling of 10% of the salary

A brief profile of the director is as given elsewhere in this Annual Report.

According to Section 269 of the Companies Act, 1956, read with Schedule-XIII to the said Act, the appointment of Chairman and Executive Director requires the approval of the shareholders in General Meeting. Your Directors recommend that the resolution be passed as an ordinary resolution. The Explanatory Statement together with the accompanying notice may also be regarded as an abstract of the terms of appointment of Shri Satyanarayan Nuwal, Executive Director of the Company and Memorandum

of interest of Directors u/s. 302 of the Companies Act, 1956.

None of the Directors except Shri Satyanarayan Nuwal, is interested in the proposed resolution.

**ITEM NO. 10**

The Board of Directors have appointed Shri Kailashchandra Nuwal as Executive Director for a period of 5 years from 1st April, 2011. Further, as per the recommendation of the Remuneration Committee, and as prescribed in Schedule XIII of the Companies Act, 1956, the remuneration of Shri Kailashchandra Nuwal has been fixed for a period of five years in the following manner

- i) Salary – Rs. 10,00,000/- per month.
- ii) Commission – Commission on the net profit of the Company for each financial year not exceeding 1 % of the Company's Net Profit.
- iii) Perquisites – Perquisites shall be restricted to an amount equal to the annual salary or Rs. 50, 00,000/- per annum whichever is less.

**Perquisites are classified into following categories.**

- iv) Medical Reimbursement: Reimbursement of the expenses incurred by the Director for self and family subject to a ceiling of one month's salary in a year or three months salary over a period of three years.
- v) Leave Travel Concession: Leave Travel Concession for Director and his family, incurred in accordance with the rules of the Company.
- vi) Personal Accident Insurance: Personal accident Insurance of an amount, the annual premium of which does not exceed Rs. 5,000/-
- vii) Club Fees: Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fees.
- viii) Pension/Superannuation: Benefits in accordance with the rules and regulations in force in the Company from time to time. The Company's contribution to Provident Fund, Superannuation Fund and /or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent of the same either or put together are not taxable under the Income Tax Act.
- ix) Gratuity: Benefits in accordance with the rules and regulations in force in the Company from time to time, but shall not exceed a half month's salary for each completed year of service subject to a ceiling of Rs. 50,00,000/-.
- x) Car & Telephone: Free use of car with driver & Telephone at his residence for use on Company's business.

- xi) Leave: Leave on full pay and allowance at the rate of one month for every eleven months of service with liberty to accumulate such leave for a period of six months. Leave encashment for a maximum of six months, accumulated leave to be permitted at the end of the term.
- xii) Benefits under the loan and other schemes in accordance with the practices, rules and regulations in force in Company, from time to time.
- xiii) Such other benefits and amenities as may be, provided by the Company to other senior officers from time to time. The Company shall pay to or reimburse to him and he shall be entitled to pay and /or to be reimbursed by the Company all costs, charges and expenses that may have been or may be incurred by him for the purposes of or on behalf of the Company.
- xiv) Provident Fund: Company's contribution towards provident fund, subject to ceiling of 10% of the salary

A brief profile of the director is as given elsewhere in this Annual Report.

According to Section 269 of the Companies Act, 1956, read with Schedule-XIII to the said Act, the appointment of Executive Director requires the approval of the shareholders in General Meeting. Your Directors recommend that the resolution be passed as an ordinary resolution. The Explanatory Statement together with the accompanying notice may also be regarded as an abstract of the terms of appointment of Shri Kailashchandra Nuwal, Executive Director of the Company and Memorandum of interest of Directors u/s. 302 of the Companies Act, 1956.

None of the Directors except Shri Kailashchandra Nuwal, is interested in the proposed resolution

**ITEM NO. 11**

The Board of Directors have appointed Shri Manish Nuwal as Executive Director for a period of 5 years from 1st April, 2011. Further, as per the recommendation of the Remuneration Committee, and as prescribed in Schedule XIII of the Companies Act, 1956, the remuneration of Shri Manish Nuwal has been fixed for a period of five years in the following manner

- i) Salary – Rs. 10,00,000/- per month.
- ii) Commission – Commission on the net profit of the Company for each financial year not exceeding 1 % of the Company's Net Profit.

iii) Perquisites – Perquisites shall be restricted to an amount equal to the annual salary or Rs. 50, 00,000/- per annum whichever is less.

**Perquisites are classified into following categories.**

- iv) Medical Reimbursement: Reimbursement of the expenses incurred by the Director for self and family subject to a ceiling of one month's salary in a year or three months salary over a period of three years.
- v) Leave Travel Concession: Leave Travel Concession for Director and his family, incurred in accordance with the rules of the Company.
- vi) Personal Accident Insurance: Personal accident Insurance of an amount, the annual premium of which does not exceed Rs. 5,000/-
- vii) Club Fees: Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fees.
- viii) Pension/Superannuation: Benefits in accordance with the rules and regulations in force in the Company from time to time. The Company's contribution to Provident Fund, Superannuation Fund and /or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent of the same either or put together are not taxable under the Income Tax Act.
- ix) Gratuity: Benefits in accordance with the rules and regulations in force in the Company from time to time, but shall not exceed a half month's salary for each completed year of service subject to a ceiling of Rs. 50,00,000/-.

x) Car & Telephone: Free use of car with driver & Telephone at his residence for use on Company's business.

xi) Leave: Leave on full pay and allowance at the rate of one month for every eleven months of service with liberty to accumulate such leave for a period of six months. Leave encashment for a maximum of six months, accumulated leave to be permitted at the end of the term.

xii) Benefits under the loan and other schemes in accordance with the practices, rules and regulations in force in Company, from time to time.

xiii) Such other benefits and amenities as may be, provided by the Company to other senior officers from time to time. The Company shall pay to or reimburse to him and he shall be entitled to pay and /or to be reimbursed by the Company all costs, charges and expenses that may have been or may be incurred by him for the purposes of or on behalf of the Company.

xiv) Provident Fund: Company's contribution towards provident fund, subject to ceiling of 10% of the salary

A brief profile of the director is as given elsewhere in this Annual Report.

According to Section 269 of the Companies Act, 1956, read with Schedule-XIII to the said Act, the appointment of Executive Director requires the approval of the shareholders in General Meeting. Your Directors recommend that the resolution be passed as an ordinary resolution. The Explanatory Statement together with the accompanying notice may also be regarded as an abstract of the terms

of appointment of Shri Manish Nuwal, Executive Director of the Company and Memorandum of interest of Directors u/s. 302 of the Companies Act, 1956.

None of the Directors except Shri Manish Nuwal, is interested in the proposed resolution.

#### ITEM NO. 12 & 13

The Board of Directors have appointed Shri Kundan Singh Talesra and re-appointed Shri Roomie Dara Vakil as Executive Director for a period of 3 years from 1st April, 2011.

In view of their status in the industry, standard and cost of living, increasing responsibilities on account of expanding business activities within India and abroad, time and effort put in by them towards managing affairs of the Company, the Board has, subject to the approval of shareholders revised the remuneration of Shri Kundan Singh Talesra and Shri Roomie Dara Vakil with effect from 1st April, 2011 as contained in resolution no. 12 & 13.

As per Section I of Part-II of Schedule XIII to the Companies Act, 1956, if the Company has adequate profits, the Board may

fix / revise remuneration within the ceiling as provided in Section 198 and 309 of that Act which is 10% of the net profits. As per the audited accounts for the FY 2010-11, the Company has earned net profit of Rs. 8295.54 Lacs, which is considered sufficient for the purpose of payment of proposed remuneration to the managerial personnel of the Company.

In terms of Section 310 read with Schedule XIII to the Companies Act, 1956, the Board can revise the remuneration subject to approval of the shareholders in general meeting. The Board has considered these resolutions in the meeting held on 19th May, 2011 and recommends these resolutions for your approval.

The terms of revision of remuneration given in the said resolutions may be treated as abstract of terms of remuneration of the said directors under Section 302 of the Companies Act, 1956.

Shri Kundan Singh Talesra and Shri Roomie Dara Vakil are interested in their respective Resolutions.

By Order of the Board of Directors

Registered office:  
11, Zade Layout, Bharat Nagar  
Nagpur, 440 033

Place: Nagpur  
Date: 19.05.2011

(Khushboo A. Pasari)  
Company Secretary

# Director's Report

To,  
The Members;  
Solar Industries India Limited;

We take pleasure in presenting Sixteenth Annual Report of the Company together with the Annual Accounts (Standalone & Consolidated) for the year ended 31st March, 2011.

## Performance Highlights (Standalone):

	(Rs. in Lacs)	
Particulars	2011	2010
<b>Turnover</b>	56767.45	50185.51
Profit Before Interest, Depreciation And Taxation	9340.80	6752.12
Less : Depreciation	663.55	632.00
<b>Profit Before Interest And Taxation</b>	8677.25	6120.12
Less : Interest	1106.46	1201.04
Profit Before Tax	7570.79	4919.08
Less : Provision For Taxation	2541.44	1792.55
<b>Net Profit After Tax</b>	5029.35	3126.53
Balance Brought Forward	3513.50	2805.73
Balance Available For Appropriation	8542.85	5932.26
<b>Appropriation:</b>		
Interim Dividend	692.95	606.33
Proposed Dividend	692.95	606.33
Tax On Dividend	118.57	206.09
General Reserve	1500.00	1000.00
Balance Profit Carried To Balance Sheet	5538.38	3513.50
<b>Earning Per Share (EPS)</b>	29.03	18.05

## Performance Highlights (Consolidated):

(Rs. in Lacs)

Particulars	2011	2010
<b>Turnover</b>	72285.81	59019.32
Profit Before Interest, Depreciation And Taxation	14847.28	11199.78
Less : Depreciation	766.21	784.96
Profit Before Interest And Taxation	14081.07	10414.82
Less : Interest	1275.86	1335.98
<b>Profit Before Tax</b>	12805.22	9078.84
Less : Provision For Taxation	4509.68	3219.47
<b>Net Profit After Tax</b>	8295.54	5859.37
Share of Profit Transfer To Minority	735.88	0.00
Balance Brought Forward	8457.74	6017.12
Balance Available For Appropriation	16017.39	11876.49
<b>Appropriation:</b>		
Interim Dividend	692.95	606.33
Proposed Dividend	692.95	606.33
Tax On Dividend	230.18	206.09
General Reserve	3000.00	2000.00
Balance Profit Carried To Balance Sheet	11401.31	8457.74
<b>Earning Per Share(EPS)</b>	43.64	33.82

## Results of Operations:

### Summary of Results for Fiscal Years 2011, 2010, and 2009

In Lacs, except %	2011	2010	2009	Percentage change 2011 versus 2010	Percentage change 2010 versus 2009
Revenue	72285.81	59019.32	53037.94	22.48%	11.28%
Operating Income	8295.54	5859.37	4413.63	41.58%	32.76%
Earning per share	43.64	33.82	25.48	29.04%	32.73%

Total gross turnover of your Company rose by 22.48 % from Rs. 59,019.32 Lacs in FY 2009-10 to 72,285.81 Lacs in FY 2010-11. The profit before interest, depreciation and tax (PBIDT), has increased by 32.57% from Rs. 11,199.78 Lacs in FY 2009-10 to Rs. 14,847.28 Lacs in FY 2010-11.

The Profit Before Tax (PBT) has increased by 41.04% from 9078.84 Lacs in FY 2009-10 to 12,805.22 Lacs in FY 2010-11 and the Profit After Tax (PAT) has increased by 29.02% from 5,859.37 Lacs in FY 2009-2010 to Rs. 7,559.66 Lacs in FY 2010-11.

## Appropriations:

### Dividend:

During the Year under review, your Directors had declared and paid interim dividend as per details given below:

(Rs. in Lacs)

Interim Dividend paid during the year ended 31st March, 2011	Rate of Dividend	Amount of Dividend paid	Distribution tax paid by the Company	Total Outflow
Declared on 29th October, 2010 and paid on 15th November, 2010	40%	692.95	115.09	808.04

Your Director's are please to recommend a final Dividend of Rs. 4.00 per share (40% on a par value of Rs. 10) for the approval of members. The Final Dividend if declared as above would involve an outflow of Rs. 692.95 Lacs towards the Dividend {previous year Rs. 606.33} and Rs. 115.09 Lacs towards dividend tax {previous year 103.05 Lacs} resulting in a total outflow of Rs. 808.04 Lacs as against 709.38 in the previous year. The Dividend Payout Ratio of your Company is 21.38 %.

### Transfers to Reserves:

We propose to transfer Rs. 3000 Lacs (39.68% of net profit for the year) to the general reserve. An amount of Rs. 2943.57 Lacs is proposed to be retained in the Profit & Loss account.

### Credit Ratings:

CRISIL has re-affirmed its ratings of 'AA-/Stable/P1+' to the various bank facilities of Solar Industries India Limited (SIIL). The ratings reflect Solar Industries India Limited's strong market position, good operating efficiencies (backed by prudent raw material procurement policies and backward integration), and strong debt protection measures. To arrive at its ratings, CRISIL has combined Solar Industries India Limited's financial and business profiles with those of its subsidiaries.

In addition to long Term rating, CRISIL has also assigned P1+ rating to Solar Industries India Limited for Short term Commercial Paper.

### Commercial Paper:

During the year under review, your Company has raised Funds through issue of Commercial papers of Rs. 25 Crores by earmarking the Working Capital Limit from Bank of India and State Bank of India.

Details of these Commercial Papers are summarised below:

Name of Bank	From	To	Rate of Interest
Deutsche Mutual Fund	25th May, 2010	24th August, 2010	5.40%
SBI Global	18th August, 2010	15th November, 2010	7.40%
Allahabad Bank	15th November, 2010	15th February, 2011	8.65%



## Directors:

### Directors Retiring by Rotation

As per Section 256 of Companies Act, 1956 and provisions containing in Articles of Association of the Company provide that at least two-third of our Directors shall be subject to retirement by rotation. One third of these retiring Directors must retire from office at each Annual General Meeting of the shareholders. A retiring Director is eligible for re-election. Mr. Manish Nuwal, Mr. Kailashchandra Nuwal, Mr. Kundan Singh Talesra, and Mr. Anant Sagar Awasthi, retire by rotation and being eligible offer themselves for re-appointment at this Annual General Meeting. Boards of Directors have recommended their re-appointment for consideration of the Shareholders.

### Director's Appointment

In accordance with Section 262 of the Companies Act, 1956 and Article 185 of the Articles of Association of the Company, Mr. Anand Kumar was appointed as a Non-Executive Independent Director in casual vacancy with effect from 29th October, 2010. Mr. Anand Kumar would hold office till the conclusion of the Annual General Meeting of the Company scheduled to be held on 10th August, 2011. The requisite notices together with necessary deposits have been received from a Director pursuant to Section 257 of the Companies Act, 1956, proposing the election of Mr. Anand Kumar as a Non-Executive Independent Director of the Company.

### Director's Re-appointment

During the year under review, the Board of Directors had re-appointed Shri Satyanarayan Nuwal and Shri Roomie Dara Vakil as Executive Director for a period of 5 years and 3 years respectively from 1st April, 2011.

### Director's Cessation

Dr. Rishi Narain Singh, a Non-Executive Independent Director has resigned from the board effective from 29th October, 2010. The Board placed on record its deep sense of appreciation for invaluable contribution made by Dr. Rishi Narain Singh during his tenure as a Non-Executive Independent Director of the Company.

## Auditors & Their Observations:

M/s Gandhi Rathi & Co. Chartered Accountants, Statutory Auditors of the Company will retire at the forthcoming Annual General Meeting, and being eligible, offer themselves for re-appointment. The Company has received a certificate from the Auditors to the effect that their re-appointment, if made, would be in accordance with Section 224(1B) of the Companies Act, 1956. The Board recommends their re-appointment.

The notes to the accounts referred to in the Auditor's Report are self-explanatory and therefore do not call for any further comments.

## Particulars of Employees:

There are no personnel, who were paid with the salary of a limit more than that specified under section 217 (2A) of the Companies Act, 1956.

## Subsidiary Operations:

As a purposeful strategy, your Company carries all its business operations through several subsidiary and associate companies which are formed either directly or as step-down subsidiaries or in certain cases by acquisition of a majority stake in existing enterprises.

### Amalgamation:

During the year under review, Solar Components Pvt. Ltd. (Wholly owned Subsidiary) amalgamated with Economic Explosives Ltd (Wholly owned Subsidiary) under the provisions of Sections 391 to 394 of the Companies Act, 1956.

The said company was amalgamated, as per the order of the Hon'ble High Court of Judicature at Bombay Nagpur Bench, Nagpur dated 1st September, 2010.

## Incorporation of Step Subsidiaries:

During the year under review, following two step Subsidiary Companies were incorporated through our wholly owned subsidiary Solar Overseas Netherlands Cooperatie U.A.:

- Solar Explochem Mauritius Ltd. at Mauritius.
- Solar Overseas Netherlands B.V. at Netherlands.

### Acquisitions:

During the year under review, Solar Industries India Limited Acquired 54% stake, through its Step Subsidiary Solar Overseas Netherlands B.V. in following two Companies at Turkey:

ILCI Patlayıcı Maddeler Sanayi ve Ticaret A.S.  
Patlayıcı Maddeler San. ve Tic. A.S. ("Patsan"),

During the year under review, Solar Industries India Limited also acquired 70% stake, in Nigachem Nigeria Limited through its Subsidiary Solar Overseas Netherlands Cooperatie U.A.

Further During the year under review, Solar Industries India Limited Acquired 65% stake, in Solar Explochem Zambia Limited through its Subsidiary Solar Overseas Netherlands Cooperatie U.A.

In the year under review, Solar Industries India Limited acquired 100% stake, in Solar Overseas Singapore PTE Limited through its Subsidiary Solar Overseas Mauritius Limited.

In the year under review, Solar Industries India Limited acquired 80% stake, in Solar Mining Services Australia PTY Limited through its step Subsidiary Solar Overseas Singapore PTE Limited.

### Exemption under section 212

We have 12 subsidiaries.

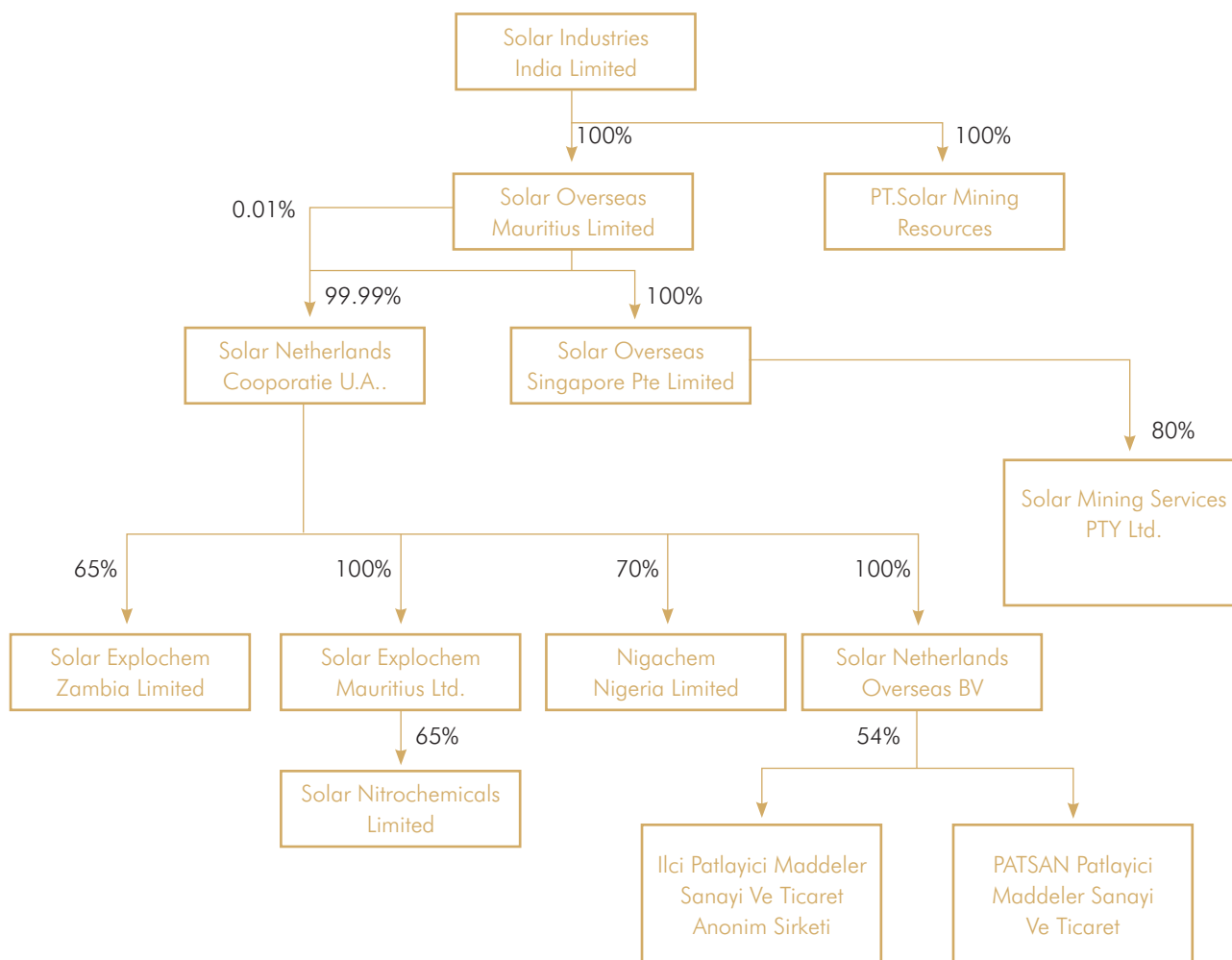
The Annual Report 2010-11 does not contain the financial statements of our subsidiaries, accordingly the Company will

make available the audited annual accounts and related information of our subsidiaries, where applicable, upon request. These documents will also be available for inspection during business hours at our registered office in Nagpur, India. The same will also be published on our website, [www.solarexplosives.com](http://www.solarexplosives.com)

As per Section 212 of the Companies Act, 1956, we are required to attach the Directors' Report, Balance Sheet, and Profit and Loss account of our subsidiaries to the Balance Sheet of Holding Company. The Ministry of Corporate Affairs, Government of India vide its circular no. 2/2011 dated February 8, 2011 has provided an exemption to companies from complying with Section 212, provided such companies publish the audited consolidated financial statements in the Annual Report.

Statement pursuant to section 212 (8) of the Companies Act, 1956 containing details of the Subsidiaries of the Company forms part of this Annual Report.

### Current Holding Structure of Solar Industries India Limited



### Company's Philosophy on Corporate Governance:

Corporate Governance philosophy of the Company is based on the principles of equity, fairness, transparency, spirit of law and honest communication. The Company believes that sound Corporate Governance is necessary to retain stakeholder's trust and ensures efficient working and proper conduct of the business of the Company with integrity. Development of Corporate Governance guidelines is a continuous process which evolves over a period of time and undergoes changes to suit the changing times and needs of the business, society and the nation.

Your Company has implemented the conditions of Corporate Governance as contained in Clause 49 of the Listing Agreement with the Stock Exchanges. A separate report on Corporate Governance and Management Discussion and Analysis along with necessary certificates is given elsewhere in this report. Also certificate by M/s Gandhi Rathi & Co. Chartered Accountants, Nagpur, Statutory Auditors of the Company, confirming compliance of the conditions of Corporate Governance as stipulated under clause 49 of the Listing Agreement, is annexed to this report.

### Management Discussion and Analysis Report:

The Management Discussion and Analysis Report forming part of Director's Report for the year under review, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange(s) in India, forms part of this Annual Report. The report provides strategic direction and a more detailed analysis on the performance of individual businesses and their outlook.

### CEO/CFO Certification:

As required under Clause 49 of the Listing Agreement, the CEO/CFO certification is attached with the Annual Report.

### Statement of Management's Responsibility for Consolidated Financial Statements:

Management is responsible for the preparation of the Consolidated Financial Statements and related information that are presented in this report. The Consolidated Financial Statements of the Company and its subsidiaries, which include amounts based on management's estimates and judgments, have been prepared in conformity with Accounting Standard 21 prescribed by The Institute of Chartered Accountants of India, forms part of this Annual Report and Accounts.

The Company designs and maintains accounting and internal control systems to provide reasonable assurance at reasonable cost that assets are safeguarded against loss from unauthorised use or disposition, and that the financial records are reliable for preparing Financial Statements and maintaining accountability for assets. These systems are augmented by written policies, an organizational structure providing division of responsibilities, careful selection and training of qualified personnel and a program of internal audits.

The Board of Directors, through its Audit Committee meets periodically with Management and Internal Auditors to discuss matters concerning Internal Controls and Financial Reporting.

### Director's Responsibility Statement:

Pursuant to section 217 (2AA) of the Companies Act, 1956 the Board of Directors hereby confirms that:

- i. In the preparation of the annual accounts of the Company for the year ended 31st March, 2011, the applicable Accounting Standards had been followed and there are no departures.
- ii. Accounting policies have been selected and applied consistently and judgments and estimates made that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period.
- iii. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of this act for safeguarding the assets of the Company and detecting fraud and other irregularities.

- iv. Annual accounts for the year ended 31st March, 2011 have been prepared on a going concern basis.

### Appreciation & Acknowledgement:

Your Directors wish to place on record their gratitude for the valuable guidance and support given by Government of India, various State Government departments, Financial Institutions, Banks, and various stake holders, such as, shareholders, customers, suppliers etc. The Directors also commend the continuing commitment and dedication of the employees at all levels which has been critical for the Company's growth. Their dedication and competence has ensured that the Company continues to be a significant and leading player in an Explosives Industry. The Directors look forward to their continued support in future.

For and on behalf of the Board

Place : Nagpur  
Date : 19th May, 2011

(Manish Nuwal)  
Director

## Annexure 1- Forming Part of the Director's Report

Information as required under section 217(1) (E) of the Companies Act, 1956 read with Companies (Disclosure of Particulars) Rules, 1988.

### A. Conservation of Energy

#### Form "A"

FORM FOR DISCLOSURE OF PARTIUCLARS WITH RESPECT TO CONSERVATION OF ENERGY.

1. Power and Fuel Consumption	Current Year
<b>Electricity</b>	
(a) Purchase unit (in Kwh.)	4471514 unit
Total Amount (in Rs.)	25090108/-
Rate/Unit (in per Kwh.)	5.61 per unit
(b) Own Generation	
(i) Through diesel Generator (in Kwh)	335000 units
Total Amount (in Rs.)	3708459/-
Average Rate	11.07 per unit
(ii) Through steam Turbine/Generator unit	N.A.
Units/Litre of fuel/oil	
Gas	
Cost/Unit	
<b>2. Coal/Solid Fuel:</b>	
Quantity M.T.	6730.053
Total Cost	22925037
Average rate/MT.	3406.368
<b>3. Furnace Oil</b>	
Quantity (LTR).	99445
Total Cost	2688340
Average rate/ (LTR).	27.03

## Form "B"

## 1. Research and Development (R &amp; D)

## (a) Specific area in which R&amp;D carried out by the Company.

1. Our R&D activities can be classified into several categories, which run parallel to the activities in our principal areas of operation.
2. Chemical formulations and process validation where substantial study of the manufacturing process has been undertaken.
3. We are developing bulk delivery systems for use in tunneling and underground operations. We will launch it in next financial year.
4. We have developed the Microdet (electronic detonator) and introduced it in the Market.

## (b) Benefits derived as results of above:

- Commercial production of new products.
- Modification of existing manufacturing process for some of the products and significant savings in cost of production.
- Substantial increase in value added products.
- Enhancement of safety and better environmental protection.

## (c) Future plan of action:

- Commercialization of newly developed products.
- Few new products have been identified for which the process to manufacture will be taken up.

## (d) Expenditure on R&amp;D: NIL

Capital	:	Nil
Recurring	:	Nil
R&D Expenditure percentage of Turnover	:	Nil

\* Expenses incurred on R & D is not accounted for separately

## B. Technology Absorption, Adaptation And Innovation

Efforts in Brief- The Company has a full fledged R&D Division engaged in research on new products and study on the existing manufacturing process, optimization of process parameters to improve the product quality and for storage and process of support, transfer and site mix plants.

Technology - As soon the technology is developed for a product or manufacturing process, it is tested in our specified testing plants; the Company is keen to continuously upgrade its technology. The Company's existing technology has been developed in house indigenously and the Company is not dependant on any foreign Technology as of now.

Benefits – Product quality improvement, reduction of storage and production losses, better lean planning & management and reduction on carrying costs.

## C. Foreign Exchange Earnings and Outgo:

## (a) Earnings in Foreign Exchange

Export:	Rs. 7267.05 Lacs
On Account Commission	Rs. Nil

## (b) Remittances in Foreign Exchange:

On account of Bank Interest	Rs. 333.79 Lacs
On account of Sales Commission	Rs. 256.98 Lacs
On account of Ocean Freight	Rs. 1849.96 Lacs
On account of Sales Promotion Expenses	Rs. 104.63 Lacs
On account of Other Expenses	Rs. 311.49 Lacs

# Management Discussion and Analysis

## Economic overview

India has outperformed developed nations and emerged as one of the most successful performers globally. It has earned its spot as one of the most attractive investment destinations across the globe, with a vigorous 8.6% GDP growth in 2010-11. The six core industries recorded a cumulative growth rate of 5.9% during April-March 2010-11 as against 5.5% in the previous year. However, there have been concerns about high rates of inflation and increase in expenses of essential commodities like food and oil. Indian policy makers have cleared the path to ensure sustainable long-term growth.

Massive investment plans in key infrastructural sectors by the Government, combined with rise in private consumption shall enable the country to maintain its growth momentum.

Year	2006-07	2007-08	2008-09	2009-10	2010-11
GDP trend* (%)	9.6	9.3	6.8	8.0	8.6

(Source: Ministry of Finance/ CSO \* Growth in GDP at factor cost at 2004-2005 prices)

26.7% - Weight of infrastructure in the index of industrial production

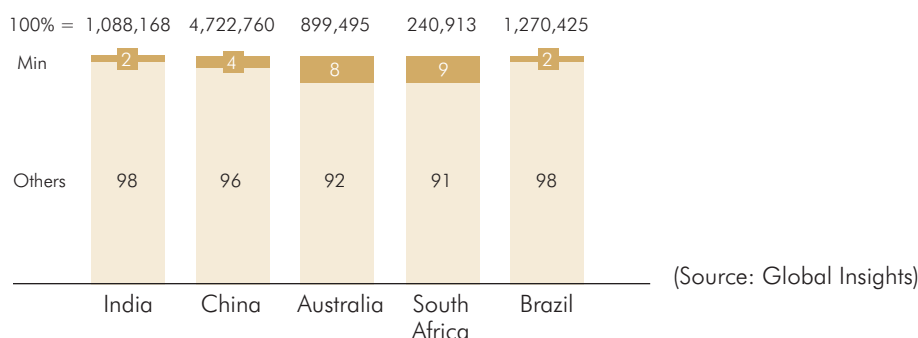
## Industrial opportunities

The Indian explosives market is driven by increased spending and activity in the Indian infrastructure segment. As a result, today India's growth rate in the explosives space has surpassed the GDP growth rate and has become the eighth largest market for explosives globally. The demand is expected to increase further with the Government increasing thrust on the country's infrastructure development.

US\$ 10 bn	Rs. 24 bn
Global explosives industry	Indian explosives market

**Mining:** India has untapped metallic mineral reserves worth 82 bn tonnes across the nation and produces around 87 minerals (metallic and non-metallic). The mining sector contributes around 2% to India's GDP. Coal mining alone employs close to 70% of explosives manufactured in the country. The balance is shared by the steel, cement and construction sectors.

## Share of mining sector in GDP (%)



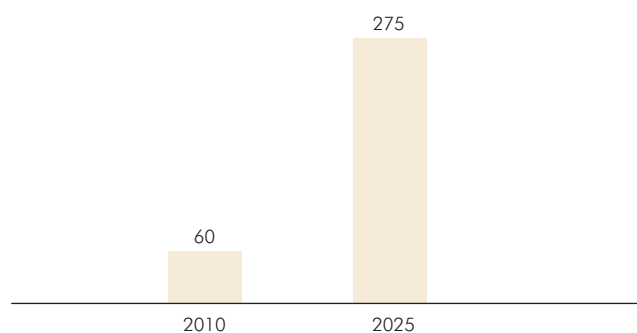
**Coal:** India is the third largest producer of coal globally, mostly utilised in steel, power (utilities), cement, sponge iron and other industries. Coal India Limited (CIL) is the world's largest coal producing company (comprising about 82% of India's total production), with an annual consumption of around 65-70% of the total quantity of explosives produced in India. As per the Mid-Term Appraisal (MTA), demand for coal in India in the terminal year of the XIth plan (2011-12) is estimated to be 713.24 Mn MT (CAGR of 8.96%). The demand is expected to increase manifold in the decade to come, with the completion of several coal based power projects and increasing steel and cement production.

#### Sector-wise coal demand (estimated)

Sector	Demand (Mn MT)	CAGR (%)
Steel	68.50	14.26
Power (utilities)	473	8.97
Cement	33.35	11.06
Others	138.39	6.35
<b>Total</b>	<b>713.24</b>	<b>8.96</b>

**Steel:** India became the fourth largest producer of crude steel in the world in 2010 (eighth position in 2003). The production capacity is expected to escalate to second largest in the world by 2015. Moreover, with India's low per capita steel consumption of 46 kg (as against the global average of 198 kg) combined with massive infrastructural needs, there would be significant growth in this sector in the years to come. This would lead to a significant rise in iron ore mining of at least 9% p.a. Similarly growth in the production of zinc, lead, bauxite and other minerals is also expected to be quite healthy. The resultant requirement for large quantities of explosives is sure to ensue in the future.

#### Steel demand growth (Mt)



(Source: Ministry of Mines)

**Cement:** India is the second largest cement producer globally with an overall installed capacity of about 260 Mn tonnes in 2010. But its per capita consumption is much lower as against the global average - almost a seventh of China. With extensive Government initiatives in the infrastructure and the housing sector, the quantity of consumption is also slated to add to the sector's growth. According to the RNCOS report, the study foresees a 10.5% CAGR growth in cement production in the interim years 2010-14. Subsequently, the growth momentum will therefore reflect in limestone mining, in turn creating demand for explosives.

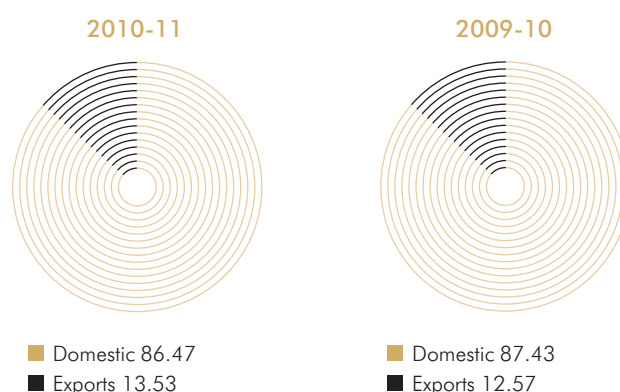
**Construction:** Road construction is on a growth curve with rapid industrialisation, urbanisation, economic development and the nation's rising expectations for improvement in the quality of standard of living. Investment in construction sector accounts for nearly 11% of India's Gross Domestic Product (GDP). The Road Ministry's ambitious plans to construct 35,000 km of roads by March 2014 shall require large road metal, generating demand for a substantial quantity of explosives for the extensive quarrying.

#### Brief analysis of the financial statements

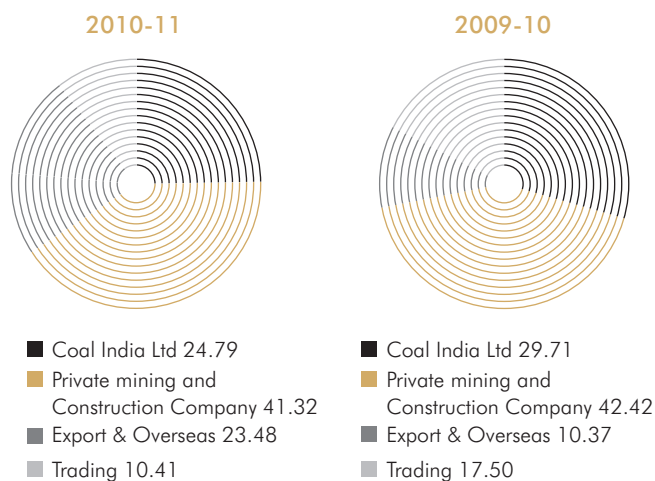
- Total income grew 21.09 % from Rs. 58,340.18 Lacs to Rs. 70,646.85 Lacs.
- EBDITA surged 32.57 % from Rs. 11,199.78 Lacs to Rs. 14,847.28 Lacs.
- Net profit strengthened 29.02 % from Rs. 5,859.37 Lacs to Rs. 7,559.66 Lacs.
- EBDITA margin expanded 181 basis points from 19.20% to 21.01%.
- Net profit margins increased 66 basis points from 10.04% to 10.70%.
- EPS went up 29.04 % from Rs. 33.82 to Rs. 43.64

#### Revenue analysis

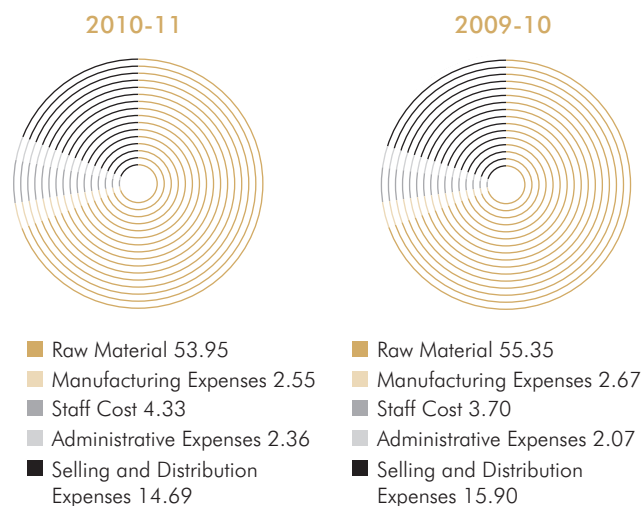
##### Revenues by geography (%)



### Revenues by customers (%)



### Key cost components as a percentage of total revenue (%)



### De-risking strategies

In an unpredictable environment, a responsible organisation needs to hedge against unforeseen risks that might affect business growth. At Solar, we have developed a risk management framework that enables us to identify potential risks, measure their implications and prompt commensurate de-risking.

Risk Type	Risk implication	De-risking measures
<b>Regulatory</b>	The highly sensitive commercial explosives industry is stringently regulated. Any kind of adverse decision by the concerned authority could impact company's core operations.	<ol style="list-style-type: none"> <li>The Company abides by all the rules and laws set by the regulatory body and as such it has acquired all the necessary licences and approvals to set up the explosives plant.</li> <li>It restricts its sale of products only to the licensed buyers.</li> </ol>
<b>Consumer concentration</b>	Dependence on few customers can impact the revenues in the event of client attrition.	<ol style="list-style-type: none"> <li>It shall also look forward to increase supplies to private miners, exports and construction companies.</li> </ol>
<b>Raw material price volatility</b>	Ammonium nitrate, the core raw material used in manufacturing explosives is exposed to high volatility in prices due to its uneven supply. This may result in higher production costs impacting operational profitability.	<ol style="list-style-type: none"> <li>The price escalation clause in the purchase contract enables Solar to tackle with adverse price movements.</li> </ol>



Risk Type	Risk implication	De-risking measures
<b>Expansions plans outside home location</b>	With its expansions plans in overseas, the Company may find it difficult to cope up with the regulatory issues and acquiring new clients.	<ol style="list-style-type: none"> <li>1. The Company has been exporting its products to these countries in the past and our local partners are aware of these local regulatory requirements and customer preferences.</li> <li>2. It has strategically mapped the demand and shall now cater to them once all the facilities are fully operational.</li> </ol>
<b>Safety</b>	Being an explosives manufacturer, the employees are exposed to hazardous conditions. Inadequate safety measures in the event of an emergency could result in hampering company's regular operations.	<ol style="list-style-type: none"> <li>1. The Company has implemented adequate safety measures and created a hazard-free environment for smoother operations.</li> <li>2. It conducts regular training programmes, periodical safety drills, upgrades safety equipment and appoints experts to monitor and advise on safety.</li> <li>3. Its association with SAFEX, an international body that dictates measures to make the production of explosives a secure process, enables the Company to understand the different safety practices followed across the globe and implement the same.</li> </ol>
<b>FOREX</b>	The Company imports a large part of its raw material. It's exports are also growing. As such, fluctuations in foreign exchange rates can adversely impact profitability.	<ol style="list-style-type: none"> <li>1. The Company enjoys a natural hedge on almost half it's forex exposure due to imports and exports.</li> <li>2. The Company follows a conservative approach in ensuring full coverage of the balance exposure using various mechanisms to eliminate unpredictability.</li> </ol>
<b>HR</b>	Attrition of key resources could impact Company's normal business operations.	<ol style="list-style-type: none"> <li>1. The HR team has ensured a congenial atmosphere in an organisation and ensures that all the employees are treated well.</li> <li>2. It addresses any grievances with immediate action.</li> <li>3. It undertakes long-term planning for every employee through continuous training and development.</li> </ol>

### Internal control systems and their adequacy

Internal controls and proper systems give authenticity to the information, reports, records, documents, transactions and serve as a strong foundation for decision making by the management. The Company has established proper internal control systems and procedures which are compatible with size of its operations and business. With a view to ensure that systems are adhered to and controls are not flouted, a firm of chartered accountants is conducting internal audit of operations, establishments, and stockyards quarterly. Audit Committee reviews the reports of Internal Auditors and monitors effectiveness and operational efficiency of internal control systems. Audit Committee is giving valuable suggestions from time to time in improving the business processes, systems and internal controls. Annual internal audit plans are prepared by internal auditors in consultation with Audit Committee and audit is conducted in accordance with this plan.

# Corporate Governance

## Introduction

Report for the financial year ended 31st March, 2011 on the compliance by the Company with the Corporate Governance requirements under Clause 49 of the Listing Agreement, is furnished below:

Corporate Governance is a broad term that has to do with the manner in which the rights and responsibilities are shared among owners, managers and shareholders of a given company. In essence, the exact structure of the Corporate Governance will determine what rights, responsibilities, and privileges are extended to each of the corporate participants, and to what degree each participant may enjoy those rights. Generally, the foundation for any system of Corporate Governance will be determined by several factors, all of which help to form the final form of governing the Company.

The fundamental concern of Corporate Governance is to ensure the conditions whereby a Company's directors and managers act in the interests of the Company and its various shareholders.

## Corporate Governance in Solar Industries India Limited

Solar Industries India Limited believes that governance should be functioning beyond compliances, adherence to regulatory framework, financial prudence and should create fair and transparent processes and reporting systems. Your Company is driven by its core values viz. ethical practices, concern for people at work, delight of customers and striving to meet the stakeholder's expectations. The focused approach, professionalism of the Board and fair and transparent processes have led your Company to reach new heights.

The philosophy and practice of Corporate Governance in Solar Industries India Limited can be succinctly stated as:

- Appropriate composition and size of the Board, with each Director bringing in key expertise in different areas.
- Proactive flow of information to the members of the Board and Board Committees to enable effective discharge of fiduciary duties.
- Ethical business conduct by the Board, management and employees.
- Full-fledged systems and processes for internal controls on all operations, risk management and financial reporting.
- Timely and accurate disclosure of all material operational and financial information to the stakeholders.

### Solar Industries India Limited has four layers of Corporate Governance:

- Governance by Board of Directors.
- Governance by Sub Committees of Board of Directors.
- Governance by Shareholders.
- Governance of the Management Process.

## First layer Governance by Board of Directors

### Composition

The composition of Board of Directors as on 31st March, 2011 is as follows:

Serial No.	Category	No. of Directors	Percentage
1.	Executive Directors	05	50
2.	Non-Executive/ Independent Directors	05	50
<b>Total</b>		<b>10</b>	<b>100</b>

### Particulars of Directors Appointed During the year

Mr. Anand Kumar was appointed to fill up the casual vacancy on the Board caused by the resignation of Dr. Rishi Narain Singh in the meeting of Board of Directors held on 29th October, 2010. He holds office until this Annual General Meeting and being eligible, offers himself for appointment as Non Executive Independent Director.

#### Shri Anand Kumar

Shri Anand Kumar aged 60 years, is B.E. (Chemical Engineer), is Fellow AIMA, a Certified Petroleum Economist from, Oxford School of Petroleum Economics, UK, and Lead Assessor in QMS from QMS, UK. and has over 36 years of rich experience, behind him, in all facets of downstream Petroleum industry.

He was Chairman, Indian Oil Technologies Ltd- a fully owned subsidiary of Indian Oil Corporation Ltd – a fortune 500 company, and the largest Indian business entity, with turnover of more than US\$ 63 billion. Prior to his superannuation, in July, 2010, he served on the Board of Indian Oil Corporation Ltd, as Director (R&D). He was also the Director In-Charge of Corporate Safety, Health and Environment of Indian Oil Corporation.

During his career in the oil industry spanning over 36 years, in India and abroad, he headed oil refineries. He worked in diverse areas of oil refining operations i.e. production, maintenance, inspection, project management, planning & execution of integrated operations of refineries and pipelines, technology identification, its evaluation, selection, project execution and commissioning etc. His area of other specialisation includes

change management, transformation and turnaround through his company wide innovative leadership, human potential development and institution building.

He has presented many papers in National and International conferences, and has over 40 papers published in various journals and 11 patents to his credit.

He is also Director of Central Coal Field Limited (CCL), Ranchi, and Director, Petrotech, New Delhi.

#### Particulars of Directors proposed for re-appointment:

**Shri Satyanarayan Nandlal Nuwal**, Chairman of Solar Industries India Limited, aged 59 years hails from Bhilwara (Rajasthan). Started his career with trading activity in the field of Explosives and Explosive Accessories, he went on to set up the manufacturing facilities. Within a decade, he made Solar Group one of the best known names in the Explosives industry.

He is also the Chairman of Economic Explosives Limited, Navbharat Coalfields Limited, Sunbeam Explosives Limited, Sunrise Explosives Limited, Solar Mines & Minerals Limited, Solar Mining Resources Limited, Solar Bhatgaon Extension Mines Private limited, Bhatgaon Extension Mines private Limited.

**Shri Roomie Dara Vakil**, aged 68 years, is a Post Graduate in Mining (Geology) from the Osmania University. He joined IDL Industries Limited (now known as Gulf Oil Corporation Limited) in the year 1967 and has held various positions in marketing in its Explosives division. He rose to the level of GM (Marketing) in 1992 and finally as Vice-President (Marketing). He was Secretary of Explosives Manufacturer's Association of India for 3 years and finally elected as Chairman of the Explosives Manufacturers Association of India for the period of four year from 1997 – 2001. Currently he is the Chief Marketing Officer at our Company, managing the domestic and international marketing functions.

He is Director in Navbharat Coalfields Limited.

#### Particulars of Directors who retire by rotation:

In terms of Articles of Association of the Company and the relevant provisions of Companies Act, 1956 Shri Kailashchandra Nuwal, Shri Manish Nuwal, Shri Kundan Singh Talesra and Shri Anant Sagar Awasthi, retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

Brief Resume of Directors proposed to be re-elected is given below:

**Shri Kailashchandra Nandlal Nuwal**, aged 53 years, younger brother of Shri Satyanarayan Nandlal Nuwal has been associated with the Group's ventures. He is always been part of Strategic Planning of the Solar group. His instinctive knowledge of market trends has helped the Group to retain its leadership position in Explosives used in the infrastructure segment. He is Director in Economic Explosives Limited, Sunbeam Explosives Limited, Sunrise Explosives Limited, Solar Mines & Minerals Limited, Solar Mining Resources Limited and Solar Initiating Systems Limited.

**Shri Manish Satyanarayan Nuwal**, aged 37 years, son of Shri Satyanarayan Nandlal Nuwal, is a qualified Chartered Accountant and brings with him professional, financial and management skills. After completion of his studies he joined his family business, since 1999. He is looking after overseas projects, purchase and marketing functions of the Company. He is also working in the capacity of Chief Commercial Officer for the company. He is Director in Economic Explosives Limited, Sunbeam Explosives Limited, Sunrise Explosives Limited, Solar Mines & Minerals Limited, Solar Mining Resources Limited, Solar Initiating Systems Limited and Navbharat Coalfields Limited.

**Shri Kundansingh Kanhaiyalal Talesra**, aged 66 years has spent more than 41 Years in Explosive Industry in the various fields like technical service, commercial service, development of new products, sales planning, erection and commissioning of greenfield projects, and accounts and administration. For the past 11 years he has been associated with Solar Industries India Limited, responsible for planning, erection, commissioning and there after regular production, quality, administration etc. He is Director in Economic Explosives Limited.

**Shri Anant Sagar Awasthi**, aged 70 years, is an MA, LLB and an IAS Officer of the batch of 1965. At the start of his career as an IAS Officer he started with the position as an Assistant Commissioner Sales Tax. At the time of his retirement in the year 2001 he was Director (Higher Education - Special Secretary Education, Government of Delhi). During his career he has hold several posts in the capacity of Joint Director in Departments like Industries, Social Welfare, Food and Civil etc. He also held positions like Director Personnel MCD, Director Public Grievances, Senior General Manager, Delhi State Civil Supply Corporation and S.D.M., Delhi. He is also Director in Economic Explosives Limited.

#### Information supplied to the board members

SILL's Board of Directors play the primary role in ensuring good governance and functioning of the Company. All statutory and other significant and material information including information as mentioned in to Clause 49 of the Listing Agreement is placed before the Board to enable it to discharge its responsibility of strategic supervision of the Company as trustees of the shareholders. The Board also reviews periodically the

compliance of all applicable laws. The Members of the Board have complete freedom to express their opinion and decisions are taken after detailed discussion.

The normal business of the Board includes:

- Annual operating plans and budgets, capital budgets, and any updates thereon,
- Quarterly results of the Company,
- Board remuneration policy and individual remuneration packages of Directors,
- Convening a meeting of shareholders of the Company, setting the agenda thereof and ensuring that a satisfactory dialogue with shareholders takes place,
- Declaration / recommendation of dividend,
- Review of functioning of the Board and its Committees,
- Review of functioning of the Subsidiary Companies,
- Annual review of accounts for adoption by shareholders,
- Materially important show cause, demand, prosecution and penalty notices,
- Fatal or serious accidents or dangerous occurrences,
- Any materially significant effluent or pollution problems,
- Any materially relevant default in financial obligations to and by the Company or substantial non-payment for goods sold by the Company,
- Details of any Joint Venture or Collaboration Agreement,
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property,
- Significant labour problems and their proposed solutions,
- Significant development in the human resources and industrial relations front,
- Sale of material nature of investments, subsidiaries, assets, which is not in the normal course of business,
- Quarterly details of foreign exchange exposure and the steps taken by management to limit the risks of adverse exchange rate movement,

The Board of the Company is presented with all information under the above heads, whenever applicable. These are submitted either as part of the agenda papers well in advance of the Board meeting or are tabled in the course of the Board meeting.

#### Board procedures

The Company holds atleast four Board meetings in a year, one in each quarter to review the financial results and other items of the agenda and the gap between the two Board meetings do not exceed four calendar months. Apart from the four scheduled Board meetings, additional Board meetings are also convened to address the specific requirements of the Company. Urgent matters are also approved by the Board by passing resolutions

through circulation. Every Director on the Board is free to suggest any item for inclusion in the agenda for the consideration of the Board.

During the FY 2010-11, the Board of Directors met Five times i.e. on 24th May, 2010, 29th July, 2010, 29th October, 2010, 18th January, 2011 & 3rd March, 2011.

### Attendance record of Directors

**Table: 1 Composition of the Board and Attendance records of Directors for FY 2010-11**

Serial No.	Name of the Director	Category	Attendance at	
			Board Meeting	Last AGM
1.	Satyanarayan Nuwal	Chairman and Executive Director	4/5	Yes
2.	Kailashchandra Nuwal	Executive Director	3/5	Yes
3.	Kundan Singh Talesra	Executive Director	4/5	Yes
4.	Roomie Dara Vakil	Executive Director	4/5	---
5.	Manish Nuwal	Executive Director	5/5	Yes
6.	Anant Sagar Awasthi	Non-Executive Independent Director	5/5	Yes
7.	Dilip Patel	Non-Executive Independent Director	4/5	---
8.	Satish Chander Gupta	Non-Executive Independent Director	4/5	---
9.	Ajai Nigam	Non-Executive Independent Director	4/5	Yes
10.	Anand Kumar <sup>1</sup>	Non-Executive Independent Director	2/3	---
11.	Rishi Narain Singh <sup>2</sup>	Non-Executive Independent Director	2/2	---

1. Appointed as Director w.e.f 29th October, 2010.

2. Ceased to be Director w.e.f 29th October, 2010.

### Outside Directorships and Memberships of Board committees

Table 2 gives the number of outside directorships and committee positions held by directors of the Company.

**Table 2: Outside directorships/committee positions as on 31st March, 2011**

Serial No.	Name of Director	Category	Number of Directorships (Including SILL)	Chairmanship in committees of Board	Membership in committees of Board
1.	Satyanarayan Nuwal	Chairman and Executive Director	10	–	–
2.	Kailashchandra Nuwal	Executive Director	07	–	01
3.	Manish Nuwal	Executive Director	07	–	01
4.	Kundan Singh Talesra	Executive Director	02	–	01
5.	Roomie Dara Vakil	Executive Director	02	–	–
6.	Anant Sagar Awasthi	Non-Executive Independent Director	02	02	–
7.	Satish Chander Gupta	Non-Executive Independent Director	12	02	03
8.	Dilip Patel	Non-Executive Independent Director	09	01	05
9.	Ajai Nigam	Non-Executive Independent Director	01	–	–
10.	Anand Kumar <sup>1</sup>	Non-Executive Independent Director	01	–	–
11.	Rishi Narain Singh <sup>2</sup>	Non-Executive Independent Director	–	–	–

### Notes

- Private Limited Companies, Foreign Companies and Companies under section 25 of the Companies Act, 1956 are excluded for the above purpose.
- Does not include Chairmanship/Membership in Board Committees other than the Audit Committee, Shareholders' Grievance Committee.
- None of the directors were members in more than 10 committees and had not held chairmanship in more than five committees across all companies in which he was a director as on 31st March, 2011 and none of them have acquired any disqualification as per section 274(1) (g) of the Companies Act, 1956.

1. Appointed as Directors w.e.f 29th October, 2010.

2. Ceased to be Director w.e.f 29th October, 2010.

## Directors Shareholding

Table 3 provides details of equity shares held by each of the Directors in their individual name as on 31st March, 2011.

Serial No.	Name	No. of Equity Shares held
1.	Satyanarayan Nuwal	26,62,000
2.	Kailashchandra Nuwal	26,09,125
3.	Manish Nuwal	8,60,813
4.	Kundan Singh Talesra	100
5.	Roomie Dara Vakil	10

## Details of non-compliance by the company, penalties and strictures imposed on the company by stock exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three years

The Company has complied with the requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters related to the capital markets during the last three years. There were no penalties imposed nor any strictures passed on the Company by the Stock Exchanges, SEBI or any other statutory authority relating to the above.

## Code of Conduct

The Board of Directors laid down a Code of Conduct for all the board members and senior management of the Company. This code has been posted on the web-site of the Company [www.solarexplosives.com](http://www.solarexplosives.com).

All board members and senior management personnel have affirmed compliance with the code, a declaration to this effect signed by Executive Director Shri Manish Nuwal is given in this Annual Report.

## Second Layer Governance by Sub Committees of Board of Directors

The Board Committees focus on specific areas and make informed decisions within the authority delegated. Each Committee of the Board is guided by its Charter, which defines the composition, scope and powers of the Committee. The Committees also make specific recommendations to the Board on various matters from time-to time. All observations, recommendations and decisions of the Committees are placed before the Board for information or for approval.

The Company has Three Board-level Committees, namely:

- Audit Committee.
- Shareholders Grievance Committee.
- Remuneration Committee.

## Audit Committee

The management is responsible for the Company's internal controls and the financial reporting process while the statutory auditors are responsible for performing Independent audits of the Company's financial statements in accordance with generally accepted auditing practices and for issuing reports based on such audits. The Board of Directors has entrusted the Audit Committee to supervise these processes and thus ensure accurate and timely disclosures that maintain the transparency, integrity and quality of financial control and reporting. The primary responsibilities of the Audit Committee are to:

- Supervise the financial reporting process,
- Review the quarterly and annual financial results before placing them to the Board along with related disclosures and filing requirements,
- Review the adequacy of internal controls in the Company, including the plan, scope and performance of the internal audit function,
- Discuss with management the Company's major policies with respect to risk assessment and risk management,
- Hold discussions with Statutory Auditors on the nature and scope of audits and any views that they have about the financial control and reporting processes,
- Ensure compliance with accounting standards and with listing requirements with respect to the financial statements,
- Recommend the appointment and removal of Statutory Auditors and their fees,
- Recommend the appointment and removal of Internal Auditors and their fees,
- Review the independence of Auditors,
- Ensure that adequate safeguards have been taken for legal compliance both for the Company and its other Indian as well as foreign subsidiaries,
- Review of related party transactions.

The Statutory Auditors, Internal Auditors and the Chief Financial Officer of the Company are invited to attend and participate at meetings of the Committee.

The Chairman of the Audit Committee Shri Anant Sagar Awasthi attended the last Annual General Meeting held on 23rd August, 2010.

M/s Patel Madan Malpani & Co., M/s Ekbote Deshmukh & Co., M/s B.K Banka & Associates were the firms those performed the Internal Audit function of the Solar Group for the FY 2010-11.

The Company Secretary Mrs. Khushboo A. Pasari acts as the Secretary to the Audit Committee.

### Meetings during the year

The meetings of the Audit Committee were held on 24th May, 2010, 29th July, 2010, 29th October, 2010, 18th January, 2011 & 3rd March, 2011. The gap between any two meetings has been less than four months.

### Composition and Attendance

The Audit Committee consists of one Executive & three Non-Executive members, Chairman being Independent Director.

**Table 4: Composition and Attendance of Audit Committee as on 31st March, 2011**

Serial No.	Name of Director	Designation	Number of meetings attended
1.	Anant Sagar Awasthi	Chairman	5/5
2.	Satish Chander Gupta	Member	4/5
3.	Dilip Patel	Member	4/5
4.	Manish Nuwal	Member	5/5

### Risk Management

The Explosive business has a specific set of risk characteristics which need to be carefully evaluated managed and mitigated, in order to effectively manage the cyclic nature of demand; the management has adopted an internal risk management protocol. Risk management covers the entire process of business

including inter-alia capital investment, technology development and customer acquisition/ retention.

There are continuous concerns on input cost increase due to commodity price movements, the Company is taking steps to competitively procure its raw material through global sourcing and appropriate inventory management.

We have included a separate section on Risk Management under Management Discussion and Analysis.

### Management Development

The Management's Discussion and Analysis on Company's performance – industry trends and other material changes with respect to the Company and its subsidiaries, wherever applicable are presented on pages 36 to 39 of the Annual Report.

### Remuneration Committee

Though this is a non-mandatory requirement, the Board of Directors has constituted a Remuneration Committee with 3 Non-Executive Directors of which all 3 are independent including its Chairman. Its principal scope/ role is to recommend remuneration package for Executive Directors/ Senior management personnel as and when required.

The Committee accordingly meets only as per needs. Only one meeting on 24th May, 2010 of Remuneration Committee was held during the FY 2010-11. Its composition and attendance is given hereunder:

**Table 5: Composition and attendance of Remuneration Committee as on 31st March, 2011**

Serial No.	Name of Director	Capacity	No. of Meetings held	No. of Meetings Attended
1.	Anant Sagar Awasthi	Chairman	1	1
2.	Satish Chander Gupta	Member	1	1
3.	Dilip Patel	Member	1	1

## Remuneration Policy for Directors

### Executive Directors Remuneration

The remuneration package of the Executive Directors is normally fixed on 3/5 years service contract basis, by the Remuneration Committee.

Table 6 provides the remuneration paid to the Executive Directors for the services rendered during the FY 2010-11.

### Non-Executive Independent Directors Remuneration

All the five Non-Executive Directors are, Independent Directors i.e. independent of management and free from any business or other relationship that could materially influence their judgment. All the independent directors satisfy the criteria of independence as defined under listing agreement with Indian Stock Exchanges.

Non-Executive Independent Directors were paid revised sitting fees of Rs. 20,000 and Rs. 10,000 respectively for attending Board and Board Committee meetings for the FY 2010-11. This was decided by Board of Directors at their meeting held on 24th May, 2010 hence based on their attendance at Board & Committee Meetings they were paid sitting fees.

Table 7 provides the remuneration paid to the Non-Executive Independent Directors for the services rendered during the FY 2010-11.

The Company does not have stock option programme.

None of the Non-Executive Directors held any shares in the Company.

**Table 6: Remuneration paid to Executive Directors during the FY 2010-11**

Serial No.	Executive Directors	Relationship with other Directors	(Rs. in Lacs)		
			Salary	Commission	Perquisites and Allowances
1.	Satyanarayan Nuwal	Brother of K.C Nuwal/Father of Manish Nuwal	60.00	78.00	–
2.	Kailashchandra Nuwal	Brother of S. N Nuwal/ uncle of Manish Nuwal	60.00	78.00	–
3.	Manish Nuwal	Son of S.N Nuwal/ Nephew of K.C Nuwal	60.00	78.00	–
4.	Kundan Singh Talesra	–	13.20	–	–
5.	Roomie Dara Vakil	–	15.60	–	–

**Table 7: Remuneration paid to Non-Executive Directors during the FY 2010-11**

Serial No.	Non-Executive Directors	(Rs.)
		Sitting Fees
1.	Anant Sagar Awasthi	1,50,000
2.	Satish Chander Gupta	1,20,000
3.	Dilip Patel	1,20,000
4.	Rishi Narain Singh	40,000
5.	Ajai Nigam	80,000
6.	Anand Kumar	40,000

**Note:** The above figures are inclusive of fees paid for attendance of committee meetings

### Shareholders Grievance Committee

The Board has constituted an Shareholders Grievance Committee. Its role and responsibility is to expeditiously process and approve transactions in securities, complying with SEBI regulations and listing requirements and redressal of investor grievances. The Committee oversees and monitors the performance of the Registrar & Transfer Agents and devises measures for overall improvement in the quality of investor services.

The Committee comprises of 3 Directors, out of which 2 are Executive Directors. The Chairman of the Committee is a Non-Executive Director. The Committee has met 5 times during the year on 24th May, 2010, 29th July, 2010, 29th October, 2010, 18th January, 2011 & 3rd March, 2011. During the FY 2010-11 its composition and attendance is given hereunder:



**Table 8: Composition and attendance of Investor Grievance Committee as on 31st March, 2011**

Serial No.	Name of Director	Capacity	No. of Meetings held	No. of Meetings Attended
1.	Anant Sagar Awasthi	Chairman	5	5
2.	Kailashchandra Nuwal	Member	5	3
3.	Kunadan Singh Talesra	Member	5	4

### Nature of complaints and redressal status

During the past financial year, the complaints received by us were general in nature, which include issues relating to the change of address, non-receipt of shares, refund orders etc. All these complaints/queries were resolved to the satisfaction of investors.

**Table 9: Nature of Complaints and redressal status as on 31st March, 2011**

Sr. No.	Nature of Complaint	Complaints Received	Complaints Processed	Complaints Pending
1.	Non Receipt of Dividend warrant	7	7	0
2.	Non receipt of Annual Report	1	1	0
3.	Others	1	1	0

### Committee Minutes

Minutes of all the Committees of the Board are prepared by the Secretary of the Company, approved by the Chairman of the Meeting, circulated to the Board in the Agenda for the succeeding meeting and recorded thereat.

### Reconciliation of Share Capital Audit

A qualified practicing Company Secretary Shri Aniket Devdhar has carried out Share Capital Audit every quarter to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The audit confirms that the total issued/paid up capital is in agreement with the aggregate total number of shares in physical form, shares allotted & advised for demat credit but pending execution and the total number of dematerialised shares held with NSDL and CDSL.

### Third Layer Governance By Shareholders

#### a) General Body Meetings

**Table 10: Information of last three Annual General Meetings (AGMs) held:**

Year	Location	Date & Time	Special Resolution
15th AGM-2010	Hotel Tuli International, Residency Road, Sadar Nagpur - 440001	23rd August, 2010 at 11.30 a.m	NIL
14th AGM-2009	Hotel Tuli International, Residency Road, Sadar Nagpur - 440001	17th September, 2009 at 11.30 a.m	3
13th AGM-2008	Udyog Bhavan, First floor, Civil Lines, Nagpur - 440001	24th September, 2008 at 11.00 a.m.	4

#### b) Whether Special resolutions were put through Postal Ballot last year? YES

- c) Are Special resolutions proposed to be put through Postal Ballot this Year? NO
- d) During the year under review, the Company has not conducted the postal ballot process.
- e) No Extraordinary General Meeting of the Members was held during the year.

## Means of Communication

### Quarterly Results

Quarterly results are published in numerous leading dailies such as, The Economic Times (Mumbai Edition), Financial Express (All Editions), and Loksatta (Nagpur Edition). All financial and other vital official news are also communicated to the concerned stock exchanges and are posted on the website [www.solarexplosives.com](http://www.solarexplosives.com)

### Presentations to Institutional investors or analysts

During FY 2010-11, presentations made to institutional investors or analysts by Solar Industries India Limited are displayed on the Company's website [www.solarexplosives.com](http://www.solarexplosives.com)

### Company's Corporate Website

The Company's website is a comprehensive reference on Solar Industries India Limited's management, vision, mission, policies, Corporate Governance, corporate sustainability, investor relations etc.

The section on investor relations serves to inform the shareholders, by giving complete financial details, shareholding patterns, corporate benefits, information relating to stock exchanges registrars and Share transfer Agents.

## General Shareholder Information

### 1. Annual General Meeting

Annual General meeting for the FY 2010-11 is scheduled on Wednesday the 10th day of August, 2011. The meeting will be conducted at Hotel Tuli Imperial, Central Bazar Ramdaspath, Nagpur-440 010.

For those of you, who cannot make it to the meeting, please remember that you can appoint a proxy to represent you in the meeting. For this you need to fill in a proxy form and send it to us.

The last date for receipt of proxy forms by us is 8th August, 2011 before 12.30 p.m.

### 2. Financial Calendar

Our Tentative calendar for declaration of results for the FY 2011-12 is given below

**Table 11: Financial results schedule for the FY 2011-12**

Particulars	Tentative Schedule
Financial Reporting for the Quarter ending 30th June, 2011	Second fortnight of July 2011
Financial Reporting for the Quarter ending 30th September, 2011	Second fortnight of October, 2011
Financial Reporting for the Quarter ending 31st December, 2011	Second fortnight of January, 2012
Financial Reporting for the Year/Quarter ending 31st March, 2012	On or before 30th May, 2012
Annual General meeting for the Year ending 31st March, 2012	August, 2012

For the year ended on 31st March, 2011 results were announced on 19th May, 2011.

For the Quarter ended on 30th June, 2011 results were announced on 27th July, 2011.

### Annual Report:

Annual Report containing, inter alia, Audited Annual Accounts, Consolidated Financial Statements, Director's Report, Auditor's Report and other important information is circulated to members and others entitled thereto. The Management Discussion and Analysis (MD&A) Reports forms part of the Annual Reports and is displayed on the Company's website [www.solarexplosives.com](http://www.solarexplosives.com).

### Chairman's Communique:

Printed copy of the Chairmen's Speech is distributed to the entire shareholder's at the Annual General Meeting. The same is also placed on the website [www.solarexplosives.com](http://www.solarexplosives.com).

### Designated Exclusive email-id:

The Company has designated the following email-id exclusively for investor servicing. [investor.relations@solarexplosives.com](mailto:investor.relations@solarexplosives.com)

### Green Initiative in the Corporate Governance:

Ministry of Corporate Affairs as a 'Green Initiative in the Corporate Governance' has issued a Circular no 17/2011 on 21 April 2011, permitting companies to service delivery of documents electronically on the registered members/shareholders email addresses under section 53 of the Companies Act, 1956. The company is accordingly proposing to send documents, such as Notice calling the general meeting, audited financial statements, director's report, auditor's report etc in electronic form on the email id's provided by the shareholders & made available by them to the company through the depositories. Shareholders desiring to receive the said documents in physical form will continue to get the same in physical form.

### 3. Dates of Book Closure

2nd August, 2011 to 10th August, 2011 (both days inclusive).

### 4. Dividend:

The Board of Directors of the Company has proposed a dividend at 40% for the financial year ended on 31st March, 2011 subject to the approval by the shareholders of the Company at the Annual General Meeting.

The payment of dividend, upon declaration by the shareholders at the forthcoming Annual General Meeting, will be made on or after 16th August, 2011:

- 1) To all those Beneficiaries holding shares in electronic form, as per the ownership data made available to the

Company by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as at end of the day on 1st August, 2011.

- 2) To all those shareholders holding shares in physical form, after giving effects to all the valid share transfers lodged with the Company on or before the closing hours on 1st August, 2011.

Shareholders are advised to refer to the notice of the Annual General Meeting for details of action required to be taken by them in this regard.

### 5. Listing on Stock Exchanges

Shares of Solar Industries India Limited are currently listed on the following Stock Exchanges

**Table 12: Listing Details**

Serial No.	Name of Stock Exchange	Address
1.	Bombay Stock Exchange Limited, Mumbai (BSE)	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001
2.	National Stock Exchange of India Limited, Mumbai (NSE)	Exchange plaza, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051

Solar Industries India Limited has paid Listing fees to both the above stock exchanges in full.

### 6. Stock Code

Bombay Stock Exchange Limited, Mumbai : 532725  
 National Stock Exchange of India Limited, Mumbai : SOLARINDS  
 ISIN : INE343H01011

### 7. Market Price Data

The shares of the Company were listed on NSE and BSE on 3rd April, 2006 share price data from 1st April, 2010 to 31st March, 2011 is as follows:

**Table 13: Market Price data of Solar Industries India Limited**

Months	Bombay Stock Exchange				National Stock Exchange			
	Share Price		Sensex Points		Share Price		S & P Cnx Nifty Points	
	High	Low	High	Low	High	Low	High	Low
April	467.90	392.55	18047.86	17276.80	466.95	398.00	5388.65	5160.90
May	459.95	365.10	17536.86	15960.15	487.90	366.15	5278.70	4786.45
June	450.00	395.00	17919.62	16318.39	428.70	396.00	5366.75	4961.05
July	433.90	405.70	18237.56	17395.58	435.00	337.00	5466.25	5225.60
August	469.65	415.50	18475.27	17819.99	480.00	420.20	5549.80	5348.90
September	539.85	440.00	20267.98	18027.12	540.00	438.80	6073.50	5403.05
October	539.80	490.00	20854.55	19768.96	540.00	485.00	6284.10	5937.10
November	700.00	530.80	21108.64	18954.82	643.00	530.00	6338.50	5690.35
December	673.95	548.10	20552.03	19074.57	670.00	541.00	6147.30	5721.15
January	580.00	535.00	20664.80	18038.48	585.00	506.05	6181.05	5416.65
February	650.00	517.00	18690.97	17295.62	588.00	520.00	5599.25	5177.70
March	619.90	545.50	19575.16	17792.17	615.00	567.05	5872.00	5348.20

## 8. Registrar and Share Transfer Agent

Link Intime India Pvt. Ltd.  
LBS Marg, Bhandup (W),  
Mumbai – 400 078  
Tel: (+91-22) 25963838  
Fax: (+91-22) 25946969  
Website: www.linkintime.co.in  
Email: solar@linkintime.co.in

## 9. Share Transfer System

Share transfer and related operations for the Company, is conducted by Link Intime India Pvt. Ltd which is registered with SEBI as a Category 1 registrar. Share transfer is normally affected within maximum period of 30 days from the date of receipt, if all the required documents are submitted.

## 10. Distribution of shares and shareholding pattern as on 31st March, 2011

Table 14: Shareholding pattern as on 31st March, 2011

Shareholding of nominal value	No. of share holders	% of total Number of shareholders	Shares held in each class	
			Nominal Value of shares	% of total
1 – 5000	4882	98.7260	538050	3.1058
5001 – 10000	18	0.3640	115502	0.6667
10001 – 20000	13	0.2629	178906	1.0327
20001 – 30000	2	0.0404	48388	0.2793
30001 – 40000	3	0.0607	114294	0.6598
40001 – 50000	3	0.0607	150000	0.8659
50001 – 100000	5	0.1011	335154	1.9346
100001 – *****	19	0.3842	15843522	91.4552
<b>Total</b>	<b>4945</b>	<b>100.00</b>	<b>17323816</b>	<b>100.00</b>

Table 15: Shareholding Pattern (Category wise) as on 31st March, 2011

Serial No.	Category	No. of Shareholders	Total Shares	% of Total Share holding
1.	Promoters	14	12923816	74.60
2.	Resident Individuals(public)	4674	900423	5.1976
3.	Foreign Institutional Investors	4	62248	0.3593
4.	Trust	2	200	0.0012
5.	Mutual Funds	12	2576318	14.8715
6.	Clearing Members	28	13412	0.0774
7.	Other Bodies Corporate	108	806381	4.6548
8.	Non Resident Indians	103	41018	0.2368
	<b>Total</b>	<b>4945</b>	<b>17323816</b>	<b>100.00</b>

## 11. Dematerialisation of Shares and liquidity

The Company's shares are compulsorily traded in dematerialised form and are available for trading on both the Depositories in India viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

17323803 Ordinary Shares of the Company representing 99.99% of the Company's share capital is dematerialised.

As per SEBI circular dated April 24, 2009 bearing reference no. SEBI/CFD/DIL/LA/1/2009/24/04 Company opened and maintained separate Unclaimed Securities Suspense Account with LKP Securities Limited, Mumbai to hold allotted shares which were not credited to allottees account during the Initial Public Offer. Table 16 shows the details of such allottees.

Company also opened and maintained separate account with State Bank of India, Nagpur, to hold dividend due on shares lying in Dividend Escrow Account of Company.

**Table 16: Details of shares lying in Unclaimed Securities Suspense Account of SILL**

Serial No.	Applno	Name	DP/CLITID	ALLOT
1.	2272861	Champaklal U Sanghvi	13015400000	30
2.	5932548	M Anantham	-	30
3.	1461449	Navin Bareja	IN30261932504258	52
4.	3629081	Pradeep M Shah	1302240000026644	37
5.	5331319	Saroj Agarwal	IN30047672338419	37
			<b>Total</b>	<b>186</b>

**Table 17: Major 10 Shareholders as on 31st March, 2011 (Other than promoters)**

Serial No.	Name	Holding	%
1.	HDFC Trustee Co. Ltd. A/c HDFC Growth Fund	9,33,257	5.3871
2.	ICICI Prudential Life Insurance Co. Ltd.	6,26,913	3.6188
3.	HDFC Trustee Co. Ltd. A/c HDFC Mid-Cap Opportunities Fund	5,83,180	3.3663
4.	Birla Sun Life Trustee Co. Pvt. Ltd. A/c Birla Sun Life Midcap Fund	5,55,160	3.2046
5.	Reliance Capital Trustee Co. Ltd. A/c Reliance Small Cap Fund	1,21,750	0.7028
6.	ICICI Prudential Emerging Star (Stock Targeted at Returns) Fund	1,04,509	0.6033
7.	Birla Sun Life Trustee Co. Pvt. Ltd. A/c Birla Sun Life Special Situations Fund	62,896	0.3631
8.	HDFC Trustee Co. Ltd. A/c HDFC Balanced Fund	50,000	0.2886
9.	HDFC Trustee Co. Ltd. HDFC MF Monthly Income Plan Short Term Plan	50,000	0.2886
10.	Birla Sun Life Trustee Co. Pvt. Ltd. A/c Birla Sun Life Small and Midcap Fund	50,000	0.2886
		<b>Total</b>	<b>31,37,665</b>
			<b>18.1118</b>

## 12. Plant Locations as on 19th May, 2011

**Table 18: Plant Locations as on 19th May, 2011**

Serial No.	Address	City
1.	Village-Chakdoh (Bazargaon), Tehsil-Katol	Nagpur, Maharashtra
2.	Village-Savanga	Nagpur, Maharashtra
3.	Village-Khapri (Nimji), Gondkheri-Kalmeshwar Road, Tahsil-Kalmeshwar,	Nagpur, Maharashtra.
4.	Plot No. 32-37, Udyog Deep Ind.Area, , Dist.-Sidhi,	Waidhan , Madhya Pradesh
5.	Survey No.101, Warur Road, Tahsil-Rajjura,	Chandrapur, Maharashtra.
6.	Kh. No.5 Village-Mudapur, Tahsil-katgora,	Korba, Chattisgarh.
7.	Plot No. 967 & 1156, Mouza Manua, Tahsil-Ramgarh Cant.,	Hazribagh, Jharkhand.
8.	MIDC Plot No. B-11, Chandrapur (Tadali) Growth Center,	Chandrapur Maharashtra.
9.	Kandra Industrial Area, plot No. C-32 (p) & C-33 (p),	Dhanbad, Jharkhand.
10.	Mouza Barakuria, Plot No. 2/848, P.S.Asansol (North), Tahsil-Asansol,	Burdwan, West Bengal.
11.	IDCO Plot No.27, Revenue Plot No.48(P), Village Ghontapada Industrial Estate Talcher,	Angul, Orissa.
12.	KH. No.323/2, P.H.No.30, Mauza Chainpur, Tahsil-Manendragarh,	Koria, Chattisgarh.
13.	Survey No.363, Kamanpur (mandal), Village Musthyala (A)	Karimnagar, Andra Pradesh
14.	Mauza Behrapalli, Plot No: 389 & 392,	Jharsuguda, Orissa
15.	Plot No.380(p), Khata no. 48Mauza Borghatta	P.O west Bokaro, Dist Ramgarh
16.	Khasra No.975/2, Ganyar	Dist. Singrauli (M.P)
17.	Khasra No.1459 &1460, Village Rupaheli	Tahsil Harda, Dist Bhilwara

### 13. Address for correspondence

Investors and shareholders can correspond with the registered office of the Company at following address:

#### The Compliance Officer/Company Secretary Solar Industries India Limited

11, Zade Layout,  
Bharat Nagar,  
Nagpur, Maharashtra  
Tel: (0712) 2561000, 2561010  
Fax: (0712) 2560202  
Email: investor.relations@solarexplosives.com

### Fourth Layer Governance of Management Process

#### Listing Agreement Compliances.

Your Company is compliant with all the mandatory provisions of clause 49 of Listing Agreement and is committed to ensure compliance with amendments that may be proposed. The details of these Compliances have been given in relevant sections of this Report.

### Compliance on Matters Related to Capital Markets

We have complied with the requirements of the Stock Exchanges and SEBI on matters related to Capital Markets, as applicable.

### Compliance Report on Non-Mandatory Requirements Under Clause 49

#### 1. The Board - Chairman's Office and tenure of Independent Directors

The Chairman of Solar Industries India Limited is an Executive Director and this provision is not applicable to Solar Industries India Limited. Company has prescribed Corporate Governance guidelines and ensures that the person who is being appointed as an Independent Director has the requisite qualification and experience which would be of use to the Company and which, in the opinion of the Company, would enable him to contribute effectively to the Company in his capacity as an Independent Director.

#### 2. Remuneration Committee

The Board of Directors constituted Remuneration Committee, which is entirely composed of Independent Directors. The Committee also discharges the duties and responsibilities as described under non-mandatory requirements of the Clause 49. The details of the Remuneration Committee and its powers have been discussed in this Section of the Annual Report.

### 3. Shareholders rights

We display our quarterly, half yearly and yearly results on our web site, [www.solarexplosives.com](http://www.solarexplosives.com) and also publish our results in widely circulated newspapers. We have not sent half yearly results to the shareholders in the FY 2010-11.

### 4. Audit Qualifications

The Auditors have not qualified the financial statements of the Company.

### 5. Disclosures by the Management

The Company has not entered into any transaction of material nature with the Promoters, the Directors or the Management, their subsidiaries or relatives, etc. that may have any potential conflict with the interests of the Company.

### 6. Warning against Insider Trading

Comprehensive guidelines in accordance with the SEBI Regulations in this regard, advising and cautioning the management, staff and other relevant business associates on the procedure to be followed while dealing with the securities of SILL, are in place. The code of conduct and corporate disclosure practices framed by the Company helped in ensuring compliance with requirement.

### Secretarial Standards Compliance

Your Company is in substantial compliance with the Secretarial Standards issued by the Institute of Company Secretaries of India.

### CEO/CFO Certification

The CEO/CFO of the Company have certified positively to the Board on the matters specified under Clause 49(V) of the Listing Agreement. The said certificate is attached in this Annual Report.

### Auditor's Certificate on Corporate Governance

The Company obtained the certificate from the auditors of the Company regarding compliance with the provisions relating to the Corporate Governance laid down in Clause 49 of the Listing Agreement with the stock exchanges. This report is annexed to the Director's Report for the FY 2010-11, and will be sent to the stock exchanges along with this Annual Report to be filled by the Company.

## Declaration by Shri Manish Nuwal

I, Manish Nuwal, Executive Director of Solar Industries India Limited hereby confirm pursuant to clause 49(1) (D) of the Listing agreement, that:

- The Board of Directors of SIIIL has laid down a code of conduct for all the Board members and senior management of the Company. The said code of conduct has also been posted on Company's website [www.solarexplosives.com](http://www.solarexplosives.com).
- All the Board members and senior management personnel have affirmed their compliance with the said code of conduct for the year ended on 31st March, 2011.

For Solar Industries India Limited

(Manish Nuwal)

Director

## Certificate by Chief Executive Officer (CEO) and Chief Financial Officer (CFO):

We, Kundan Singh Talesra, Chief Executive Officer and Nilesh Panpaliya, Chief Financial Officer of Solar Industries India Limited, certify:

1. That we have reviewed the financial statements and the cash flow statements for the year ended 31st March, 2011 and that to the best of our knowledge and belief:
  - These statements do not contain any materially untrue statement nor omit any material fact nor contain statements that might be misleading, and
  - These statements present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
2. That there are, to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's code of conduct;
3. That we accept responsibility for establishing and maintaining internal controls, we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps that we have or propose to take to rectify the identified deficiencies and
4. That we have informed the auditors and audit committee of:
  - i. significant changes in internal control during the year;
  - ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii. instances of significant fraud of which we have become aware and the involvements therein, if any, of the management or an employee having a significant role in the Company's internal control system.

For Solar Industries India Limited

(Kundan Singh Talesra)

Chief Executive Officer

(Nilesh Panpaliya)

Chief Financial Officer

Dated: 19th May, 2011

## Certificate by the Auditors on Corporate Governance

To the members of

**Solar Industries India Limited**

We have reviewed the records concerning the Company's compliance of the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement entered into by the Company with the Stock Exchanges of India for the financial year ended on 31st March, 2011.

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

We have conducted our review on the basis of the relevant records and documents maintained by the Company and furnished to us for examinations and information and explanation given to us by the Company.

Based on such a review, and to the best of our information and according to the explanations given to us, in our opinion, the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement of the Stock Exchanges of India.

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

For and on behalf of

**Gandhi Rathi Co**

*Chartered Accountants*

**(C.N.Rathi)**

*Partner*

M.No. 39895



# AUDITOR'S REPORT

## TO THE MEMBERS OF SOLAR INDUSTRIES INDIA LIMITED

1. We have audited the attached Balance Sheet of **Solar Industries India Limited** as at 31st March 2011, the Profit and Loss Account and Cash Flow Statement of the Company for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order. Further to our comments in the Annexure referred to above, we report that :
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
  - (e) According to the information and explanations given to us and on the basis of written representations from Directors taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31st March 2011 from being appointed as director under Section 274(1) (g) of the Companies Act, 1956.
  - (f) In our opinion and to the best of our information and according to the explanations given to us, and subject to our notes/observations brought out elsewhere in the report, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true a fair view in conformity with the accounting principles generally accepted in India.
    - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
    - (b) in the case of the Profit and Loss Account of the Profit for the year ended on that date.
    - (c) in the case of Cash Flow Statement, of the Cash flows for the year ended on that date.

**FOR GANDHI RATHI & CO.,**  
CHARTERED ACCOUNTANTS

(C.N.RATHI)  
PARTNER

M. No. 39895

Firm Reg. No. 103031W

PLACE : NAGPUR  
DATED : 19th May, 2011

# ANNEXURE

## ANNEXURE REFERRED TO IN PARAGRAPH 3 OF THE AUDITORS REPORT TO THE MEMBERS OF SOLAR INDUSTRIES INDIA LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2011

- i) a) The Company has maintained proper records showing full particulars including quantitative details and location of its fixed assets.
- b) The Management has physically verified the fixed assets at reasonable intervals and no material discrepancies are reported to have been observed on such verification as compared to book records.
- c) As per the information and explanation given to us on our enquiries the disposal of assets during the year was not substantial so as to have an impact on the operations of the Company, or affect its going concern.
- ii) a) The stocks of finished goods, work in process, stores, spare parts and raw materials have been physically verified by the Management during the year. In our opinion, the frequency of the verification is reasonable.
- b) In our opinion and according to the information and explanations given to us, the procedure of physical verification of the stocks followed by the Management were found reasonable and adequate in relation the size of the Company and the nature of its business.
- c) In our opinion and according to the information and explanations given to us, the company is maintaining proper records of inventory and the discrepancies noticed on verification between the physical stocks and the book stocks were not material in relation to the operations of the Company.
- iii) a) The Company has granted loan to companies covered in the register maintained under section 301 of the Companies Act, 1956, and the yearend balance of loan granted to such Companies was Rs. 7956.62 Lacs.
- b) In our opinion, the rate of interest and other terms and conditions of such loan are prima facie not prejudicial to the interest of the Company.
- c) The Company has repaid the principal amounts as stipulated and has been regular in the payment of interest.
- d) There is no overdue amount of such loan granted to aforesaid company.
- e) The Company has taken loan from companies covered in the register maintained under section 301 of the Act, and the yearend balance of loans taken from such Companies was Rs. 1137.02 Lacs.
- f) In our opinion, the rate of interest and other terms and conditions of loans taken by the Company are prima facie not prejudicial to the interest of the Company.
- g) The Company is regular in repaying the principal amounts as stipulated and has been regular in the payment of interest.
- iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and for the sale of goods & services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- v) a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in Sec. 301 of the Act have been entered in the register maintained under that section.
- b) In our opinion and according to the information and explanation given to us, the transactions made in pursuance of such contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi) The Company has not accepted fixed deposits from the public and consequently, the directives issued by the Reserve Bank of India; the provisions of Sections 58A, 58AA or any other relevant provisions of Act and the rules framed there under are not applicable.
- vii) In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
- viii) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956 in respect of goods manufactured by the Company.
- ix) a) According to the information and explanations given to us and according to the records of the Company, the Company is regular in depositing undisputed statutory dues including Provident Fund, Income-tax, and Sales - tax, Service Tax, Excise Duty, Cess and any other statutory dues with the appropriate authorities. However, there are no arrears of such dues as at the close of the year concerned for a period of more than six months from the date they become payable.

# ANNEXURE

## REFERRED TO IN PARAGRAPH 3 OF THE AUDITORS REPORT TO THE MEMBERS OF SOLAR INDUSTRIES INDIA LIMITED

- b) According to the information and explanation given to us, the dues of sales tax, income tax, customs, wealth tax, excise duty, cess which have not been deposited on account of disputes and the forum where the dispute is pending are as follows :-

Name of the statute	Nature of dues / demands	Amt (Rs. in Lacs)	Forum where dispute is pending
Central Excise Act	Excise duty on to and fro freight collected on account of sales made to CLIL subsidiaries treating it as additional consideration	84.49	CESTAT
	Excise duty on the benefits earned by the company due to premature payment of sales tax deferral liability	146.26	Commissioner (Appeals)
	Excise Duty on assessable value of goods used in in-house testing	12.87	Supreme Court
	Cenvat Credit of Service tax paid on tour operator services	4.54	Commissioner (Appeals)
	Cenvat Credit of Service tax paid on workmen compensation	7.19	Commissioner (Appeals)
	Cenvat Credit of Service tax paid on outward transportation availed as credit	6.35	Commissioner (Appeals)
Sales Tax Act	Sales Tax on A.N.sale, Input Credit, CST liability on non submission of 'c' form & Entry Tax liability	85.87	M.P. Commercial Tax Appellate Board

The Company neither has accumulated losses at the end of the financial year, nor incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

- xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution and bank.
- xii) According to the information and explanations given to us the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/ society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xiv) The Company has maintained proper records of the transactions and contracts in respect of dealing of trading in shares, securities and other investments and timely entries have been made therein. All shares, securities and other investments have been held by the company in its own name.
- xv) In our opinion, the terms and conditions on which the Company has given guarantees for loans taken by others from banks or financial institutions are not prejudicial to the interest of the Company.
- xvi) To the best of our knowledge and belief and according to the information and explanations given to us, term loan availed by the Company were, prima facie, applied by the Company for the purposes for which the loans were obtained.
- xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that the no funds raised on short-term basis have been used for long-term investment.
- xviii) The Company has not made preferential allotment of shares during the year.
- xix) No debentures have been issued by the Company to create securities or charge.
- xx) The Company has not raised any money by public issue during the year.
- xxi) According to the information and explanations given to us no fraud on or by the Company has been noticed or reported during the course of our audit.

**FOR GANDHI RATHI & CO.**  
CHARTERED ACCOUNTANTS

PLACE: NAGPUR  
DATED : 19th May, 2011

(C.N. RATHI)  
PARTNER  
M. No. 39895

Firm Reg. No. 103031W

**Solar Industries India Limited**  
(Cartridge, Accessories & Bulk Division)

# Balance Sheet

 as at 31st March, 2011

Particulars	Schedule	Amount in Rs. Lacs	
		AS AT 31st March, 2011	AS AT 31st March, 2010
<b>SOURCES OF FUNDS</b>			
<b>Share Holders' Fund</b>			
Share Capital	A	1732.38	1732.38
Reserves and Surplus	B	21024.52	17499.64
		<b>22756.90</b>	<b>19232.02</b>
<b>Loan Funds</b>			
Secured Loans	C	9680.64	7664.09
Unsecured Loans	D	4036.52	2594.63
		<b>13717.16</b>	<b>10258.72</b>
<b>Deferred Tax Liability</b>		1221.77	1019.25
<b>Grand Total</b>		<b>37695.83</b>	<b>30509.99</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	E	15353.94	11541.69
Less: Depreciation		3305.91	2692.78
Net Block		12048.03	8848.91
Capital Work-In-Progress		1624.46	1580.70
Net Fixed Assets		13672.49	10429.61
<b>Investments</b>	F	6915.71	3562.38
<b>Current Assets, Loans &amp; Advances</b>			
Inventories	G	2649.48	3156.66
Debtors and Other Debit Balances	H	7797.45	7610.70
Cash and Bank Balances	I	4157.19	7381.46
Loans and Advances	J	13153.24	12892.81
		27757.36	31041.63
Less: CURRENT LIABILITIES & PROVISIONS	K	10821.50	14688.42
Net Current Assets		16935.86	16353.21
<b>MISCELLANEOUS EXPENDITURE</b> ( To The Extent Not Written Off )		171.77	164.79
		171.77	164.79
<b>Grand Total</b>		<b>37695.83</b>	<b>30509.99</b>

Place : Nagpur  
Date : 19th May, 2011

Notes on Accounts as per schedule  
As per our Report of even date annexed  
For **Gandhi Rathi & Co.**,  
Chartered Accountants

**C.N. Rathi**  
Partner  
M. No. 39895  
Firm Reg No. 103031W

For And On Behalf Of The Board  
**S.N.Nuwal**      **Manish Nuwal**  
Director                      Director

**Khushboo Pasari**  
Company Secretary

# Profit And Loss Account

for the year ended 31st March, 2011

Particulars	Schedule	Amount in Rs. Lacs	
		FOR THE YEAR ENDED 31st March, 2011	FOR THE YEAR ENDED 31st March, 2010
<b>INCOME</b>			
Sales	L	56767.45	50185.51
Less: Excise Duty		3646.01	2583.36
		53121.44	47602.15
Other Income	M	2731.68	2501.33
<b>TOTAL</b>		<b>55853.12</b>	<b>50103.48</b>
<b>EXPENDITURE</b>			
Operating Expenses	N+O+P	46512.32	43351.37
Depreciation	E	663.55	632.00
Interest and Finance Charges	Q	1106.46	1201.04
<b>TOTAL</b>		<b>48282.33</b>	<b>45184.41</b>
<b>PROFIT BEFORE TAXATION</b>		<b>7570.79</b>	<b>4919.07</b>
<b>Provision for Tax</b>			
Current Tax		2309.30	1687.39
Deferred Tax		202.52	132.33
Prior Period Taxes		29.62	-27.17
		2541.44	1792.55
<b>PROFIT AFTER TAXATION</b>		<b>5029.35</b>	<b>3126.53</b>
Balance Brought Forward		3513.50	2805.73
<b>BALANCE AVAILABLE FOR APPROPRIATION</b>		<b>8542.85</b>	<b>5932.26</b>
<b>APPROPRIATION</b>			
Interim Dividend		692.95	606.33
Proposed Dividend		692.95	606.33
Tax on Dividend		118.57	206.10
General Reserve		1500.00	1000.00
<b>BALANCE C/F TO BALANCE SHEET</b>		<b>5538.38</b>	<b>3513.50</b>
<b>Basic Earnings Per Share Rs.</b>		<b>29.03</b>	<b>18.05</b>
(See Note 2)			

Place : Nagpur

Date : 19th May, 2011

Notes on Accounts as per schedule  
As per our Report of even date annexed  
For **Gandhi Rathi & Co.,**  
Chartered Accountants

**C.N. Rathi**

Partner

M. No. 39895

Firm Reg No. 103031W

For And On Behalf Of The Board  
**S.N.Nuwal**                      **Manish Nuwal**  
Director                                      Director

**Khushboo Pasari**  
Company Secretary

# Cash Flow Statement for the year ended on 31st March, 2011

PARTICULARS	Amount in Rs. Lacs	
	FY 2010-11	FY 2009-10
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Tax	7570.79	4919.08
Adjustments for :		
Depreciation	663.55	632.00
Interest Expense	1106.46	1201.04
	1770.01	1833.04
<b>Operating Profit before working Capital Changes</b>	9340.80	6752.12
(Increase)/Decrease in Sundry Debtors	-186.76	1207.93
(Increase)/Decrease in Inventories	507.18	-1138.55
(Increase)/Decrease in Loans & Advances	-260.43	-2016.01
Increase/(Decrease) in Current Liability	-3866.91	825.99
	-3806.92	-1120.64
<b>Cash Generated from Operations</b>	5533.88	5631.48
Deferred Tax	202.52	132.33
Income Tax Paid	2309.30	1687.39
Prior period tax	29.62	-27.17
	2541.44	1792.55
<b>Net Cash from Operating Activities</b>	2992.44	3838.93
<b>B. Cash Flow From Investing Activities</b>		
Increase in Fixed Assets	-3937.03	-2009.74
Sale of Fixed Asset	30.60	0.00
Increase in pre op Exp	-6.98	-58.07
Increase (+) in Investment	-3353.33	-1071.33
<b>Net Cash from Investing Activities</b>	-7266.74	-3139.14
<b>C. Cash Flow From Financing Activities</b>		
Changes in Working Capital Loan	6547.78	3823.65
Repayment of Commercial Paper	-2500.00	0.00
Repayment of vehicle Loan	-31.21	0.00
Decreases in Unsecured loans	-558.11	-1488.05
Proposed Dividend	-692.95	-606.33
Interim Dividend	-692.95	-606.33
Interest	-1106.46	-1201.04
Deferred Tax	202.52	132.33
Tax on Dividend	-118.57	-206.09
<b>Net Cash from Financing Activities</b>	1050.03	-151.86
<b>Net Increase in Cash &amp; Cash equivalents</b>	-3224.27	547.93
<b>Notes :</b>		
1) Cash & Cash equivalents at the beginning of period	7381.46	6833.53
Cash & Cash equivalents at the end of period	4157.19	7381.46
	-3224.27	547.93
2) The above cash flow statement has been prepared in accordance with the requirements of Accounting Standard 3 " Cash Flow Statement " issued by the Institute of Chartered Accountants of India.		

Place : Nagpur  
Date : 19th May, 2011

Notes on Accounts as per schedule  
As per our Report of even date annexed  
For **Gandhi Rathi & Co.**,  
Chartered Accountants

**C.N. Rathi**  
Partner  
M. No. 39895  
Firm Reg No. 103031W

For And On Behalf Of The Board  
**S.N.Nuwal**                      **Manish Nuwal**  
Director                                      Director

**Khushboo Pasari**  
Company Secretary

# Schedule

 forming part of the accounts for the year ended 31st March, 2011

SCHEDULES	Amount in Rs. Lacs	
	31st March, 2011	31st March, 2010
<b>SCHEDULE 'A'</b>		
<b>SHARE CAPITAL</b>		
Authorised Share Capital		
27000000 Equity Shares of Rs. 10/- each	2700.00	2700.00
Issued, Subscribed & Paid up		
17323816 Equity Shares of Rs. 10/- each	1732.38	1732.38
	<b>1732.38</b>	<b>1732.38</b>

SCHEDULES	Amount in Rs. Lacs	
	31st March, 2011	31st March, 2010
<b>SCHEDULE 'B'</b>		
<b>RESERVES AND SURPLUS</b>		
<b>General Reserve</b>		
Profit & Loss Account (SCL) on Merger	6160.83	4660.83
Profit & Loss Account	1106.03	1106.03
	5538.38	3513.50
<b>Capital Reserve</b>		
Share Premium	7790.33	7790.33
Capital Reserve on Merger	408.95	408.95
State Capital Incentive	20.00	20.00
	<b>21024.52</b>	<b>17499.64</b>

## Schedule forming part of the accounts for the year ended 31st March, 2011 (Contd.)

SCHEDULES	Amount in Rs. Lacs	
	31st March, 2011	31st March, 2010
<b>SCHEDULE 'C'</b>		
<b>SECURED LOANS</b>		
Cash Credit - State Bank Of India, IFB	423.67	0.00
Bank of India - Cash Credit	376.08	106.74
BOI OD Against FDR	1315.31	0.00
HSBC Export Packing Credit	893.82	0.00
Axis Bank - WCDL	1371.86	0.00
Standard Chartered Bank - Export Packing Credit	1180.67	906.90
Hypothecation Of Stocks Of Raw Materials, Finished Goods, Goods in Process, Stores, Receivables and Other Current Assets, & Second Charge On Fixed Assets Of The Company.		
Term Loan - Development Bank Of Singapore (On tangible , Movable & Immovable Fixed Assets)	4119.23	4119.23
Allahabad Bank - Commercial Paper	0.00	2500.00
Vehicle Loan - CITI Bank ( Against Hypothecation Of Vehicles )	0.00	31.22
	<b>9680.64</b>	<b>7664.09</b>

SCHEDULES	Amount in Rs. Lacs	
	31st March, 2011	31st March, 2010
<b>SCHEDULE 'D'</b>		
<b>UNSECURED LOANS</b>		
From Financial Institutions :		
HDFC - WCDL LOAN	2000.00	0.00
From Others	2036.52	2594.63
	<b>4036.52</b>	<b>2594.63</b>



# Schedule forming part of the accounts for the year ended 31st March, 2011 (Contd.)

## SCHEDULE 'E'

### SCHEDULE OF FIXED ASSETS

Amount in Rs. Lacs

ASSETS	GROSS BLOCK		DEDUCTIONS DURING PERIOD	DEPRECIATION		DEDUCTIONS DURING THE PERIOD	NET BLOCK	
	AS ON 31st March, 2010	AS ON 31st March, 2011		UPTO 31st March, 2010	DURING THE PERIOD		AS ON 31st March, 2010	AS ON 31st March, 2011
LAND	337.33	732.28	0.00	0.00	0.00	0.00	337.33	732.28
PLOT	0.00	285.18	0.00	0.00	0.00	0.00	0.00	285.18
CIVIL CONSTRUCTION	3365.39	4532.99	1.99	123.31	0.23	683.30	2805.17	3849.69
OFFICE BUILDING	110.61	473.83	0.00	12.14	0.00	13.61	98.47	460.22
PLANT & MACHINERY	4969.70	6438.30	0.00	1277.52	0.00	1529.65	3692.18	4908.65
FURNITURE & FIXTURES	125.76	125.94	0.00	33.91	0.00	41.85	91.85	84.09
OFFICE EQUIPMENT	372.68	408.16	19.23	157.37	6.07	183.04	215.31	225.12
VEHICLES	2250.46	2347.50	67.50	651.62	44.12	854.46	1598.84	1493.04
PLANTATION	9.76	9.76	0.00	0.00	0.00	0.00	9.76	9.76
	<b>11541.69</b>	<b>15353.94</b>	<b>88.72</b>	<b>2692.78</b>	<b>50.42</b>	<b>3305.91</b>	<b>8848.91</b>	<b>12048.03</b>

# Schedule forming part of the accounts for the year ended 31st March, 2011 (Contd.)

SCHEDULES	Amount in Rs. Lacs	
	31st March, 2011	31st March, 2010
<b>SCHEDULE 'F'</b>		
<b>INVESTMENTS</b>		
<b>Long-Term Investments</b>		
Quoted - At Cost	29.91	35.74
Unquoted - At Cost	6456.39	3108.47
<b>Short-Term Investments</b>		
Quoted - At lower of Cost or Market Value	429.41	418.17
	<b>6915.71</b>	<b>3562.38</b>

## SCHEDULE 'G'

<b>Inventories (Valued At Cost)</b>		
Raw Materials, Packing Materials & Consumables	2165.05	2715.46
Traded Goods	10.65	6.29
Semi Finished Goods	92.41	107.84
Finished Goods	378.41	320.48
Scrap	2.96	6.59
	<b>2649.48</b>	<b>3156.66</b>

## SCHEDULE 'H'

<b>Debtors &amp; Debit Balances</b>		
(a) Over 6 Months (Unsecured) Considered Good	1308.46	991.09
(b) Others (Unsecured) Considered Good	6488.99	6619.61
Unsecured, Considered good	<b>7797.45</b>	<b>7610.70</b>

# Schedule

 forming part of the accounts for the year ended 31st March, 2011 (Contd.)

SCHEDULES	Amount in Rs. Lacs	
	31st March, 2011	31st March, 2010
<b>SCHEDULE 'I'</b>		
<b>CASH AND BANK BALANCES</b>		
Cash In Hand	13.52	12.61
Petty Cash	22.91	27.15
Balance with Scheduled Banks		
Current Accounts	152.94	-35.34
Fixed Deposit Accounts	3967.82	7377.04
	<b>4157.19</b>	<b>7381.46</b>
<b>SCHEDULE 'J'</b>		
<b>LOANS AND ADVANCES</b>		
Advances to Goods Suppliers	1364.17	1493.50
Advances for Fixed Assets	247.11	318.92
Staff Advances	12.12	60.66
Balance with Revenue Authorities	1554.00	2767.99
Security and Other Deposits	268.23	216.00
Other Advances	9707.61	8035.74
	<b>13153.24</b>	<b>12892.81</b>
<b>SCHEDULE 'K'</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
Creditors for Goods	7583.40	11366.66
Creditors for Transporter, Agent & Others	510.63	381.02
Advances from Customers	459.66	417.96
Creditors for Fixed Assets	231.95	68.55
Expenses Payable	473.21	492.56
Other Liabilities	1562.65	1961.67
	<b>10821.50</b>	<b>14688.42</b>

# Schedule forming part of the accounts for the year ended 31st March, 2011 (Contd.)

SCHEDULES	Amount in Rs. Lacs	
	31st March, 2011	31st March, 2010
<b>SCHEDULE 'L'</b>		
<b>SALES</b>		
Manufacturing Sales	49380.16	39771.15
Trading Sales	6729.00	10153.22
Project Sales	658.29	261.14
	<b>56767.45</b>	<b>50185.51</b>
<b>SCHEDULE 'M'</b>		
<b>OTHER INCOME</b>		
Jobwork Charges	236.26	449.74
Interest Income	1638.23	2081.96
Profit on Sale of Investments	0.00	5.40
Other Miscellaneous Income	48.23	79.96
Dividend Income	673.36	0.98
Income from Exchange Rate Fluctuation	135.60	-116.71
	<b>2731.68</b>	<b>2501.33</b>
<b>SCHEDULE 'N'</b>		
<b>OPERATING EXPENSES</b>		
<b>Material Consumed</b>		
Raw Material, Packing Material & Consumables	26250.53	21329.96
Project Material	427.46	204.57
<b>Raw Material, Packing Material &amp; Consumables</b>	<b>26677.99</b>	<b>21534.53</b>
Trading Goods	6261.36	10104.09
	<b>32939.35</b>	<b>31638.62</b>

# Schedule forming part of the accounts for the year ended 31st March, 2011 (Contd.)

SCHEDULES	Amount in Rs. Lacs	
	31st March, 2011	31st March, 2010
<b>OPERATING EXPENSES</b>		
<b>SCHEDULE 'O'</b>		
<b>A) Manufacturing Expenses</b>		
Power & Fuel	560.57	357.62
Repairs & Maintenance - Civil, Vehicles & Others	283.21	285.05
Pump Truck Expenses	266.97	194.87
Insurance Charges	135.16	143.20
Security Service Charges	93.44	52.50
Repairs & Maintenance - P & M, Electricals	68.37	127.35
Factory Expenses	47.44	69.81
Excise Duty on Cl. St. Incr/Decr FG	-3.43	31.01
<b>Total A</b>	<b>1451.73</b>	<b>1261.41</b>
<b>B) Staff Costs</b>		
Salaries & Wages	1741.90	1278.55
Provident Fund Contribution	48.62	39.73
Bonus to Employees	39.55	33.77
Gratuity	29.47	20.84
Staff Welfare Expenses	28.27	16.90
<b>Total B</b>	<b>1887.81</b>	<b>1389.79</b>
<b>C) Administrative Expenses</b>		
Remuneration to Directors	532.80	292.82
Consultancy Charges	231.80	240.19
Rent, Rates & Taxes	110.82	159.48
Conveyance Expenses	93.68	67.65
Office Expenses	52.30	37.67
Information & technology Expenses	45.38	46.18
Telephone Expenses	37.67	30.08
Donation	35.23	66.67
Printing & Stationery	34.33	29.19
Audit Fees	17.60	16.00
Postage Expenses	11.59	8.83
Internal Audit Fees	7.48	5.95
Legal Expenses	7.31	6.31
Director Sitting Fees	5.70	4.05
<b>Total C</b>	<b>1223.69</b>	<b>1011.07</b>

# Schedule forming part of the accounts for the year ended 31st March, 2011 (Contd.)

SCHEDULES	Amount in Rs. Lacs	
	31st March, 2011	31st March, 2010
<b>OPERATING EXPENSES</b>		
<b>SCHEDULE 'O' (Contd.)</b>		
<b>D) Selling &amp; Distribution Expenses</b>		
Sales Tax	3814.62	3374.81
Export Expenses	2989.51	2104.62
Transportation Charges	587.88	567.32
Discounts and Settlements	582.51	540.91
Sales / Agency Commission	568.54	566.60
Travelling Expenses	266.44	219.66
Sales Promotion Expenses	140.31	70.37
Misc. Sales Expenses	88.45	55.81
Advertisement Expenses	10.35	10.13
Bad Debts	0.00	521.09
<b>Total D</b>	<b>9048.61</b>	<b>8031.32</b>
<b>Total A+B+C+D</b>	<b>13611.84</b>	<b>11693.59</b>
	<b>46551.19</b>	<b>43332.21</b>

## Schedule forming part of the accounts for the year ended 31st March, 2011 (Contd.)

SCHEDULES	Amount in Rs. Lacs	
	31st March, 2011	31st March, 2010
<b>OPERATING EXPENSES</b>		
Schedule (N+O) as per list	46551.19	43332.21
<b>SCHEDULE 'P'</b>		
<b>INCREASE/DECREASE IN STOCK</b>		
	-38.87	19.16
<b>Total Operating Expenses (N+O+P)</b>	<b>46512.32</b>	<b>43351.37</b>
<b>SCHEDULE 'Q'</b>		
<b>INTEREST AND FINANCE CHARGES</b>		
Interest on Working Capital	462.54	667.95
Bank Charges	256.58	331.51
Interest on Vehicle and Term Loans	250.11	8.56
Interest on Loan	112.52	150.60
Derivative Loss	19.51	10.24
Loss on sales of Assets	1.33	0.00
Long Term Loss on Shares	3.87	32.18
	<b>1106.46</b>	<b>1201.04</b>

# Statement of Significant Accounting Policies

forming part of Accounts For the year ended 31<sup>st</sup> March, 2011

## 1. Accounting Convention

The financial Statements are prepared on the accrual basis under the historical cost convention, in accordance with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956

## 2. Fixed Assets / Depreciation

Fixed Assets are stated at cost net of cenvat / value added tax less accumulated depreciation

Depreciation for the year is computed on the straight line method as per the rates prescribed in Schedule XIV to the Companies Act, 1956

## 3. Impairment of Assets

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to the profit and loss account in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if there has been change in the estimate of recoverable amount.

## 4. Use of Estimates

The preparation of financial statements require estimates and assumption to be made that affect the reported amount of assets and liabilities on the date of the financial statement and reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known / materialised.

## 5. Revenue Recognition

Revenue from Sales of product is recognized when the products are dispatched against the orders from customers in accordance with the contract terms.

## 6. Investments

Trade investments are the investment made to enhance the group's business interest. Investments are either classified as current or long term based on the managements intention at the time of purchase. Current investment are carried at the lower of cost and fair value. Long term investments are carried at cost and provisions recorded to recognize any decline, other than temporary, in the carrying value of each investment.

## 7. Inventories

Finished goods, traded items, raw material, packing material and work-in-process are valued at the lower of cost or net realisable value. Cost includes an appropriate portion of manufacturing overheads, where applicable. Finished goods & Semi Finished Goods are valued inclusive of Excise duty.

## 8. Foreign Currency Transactions

Outstanding foreign currency assets and liabilities are translated at the exchange rate Prevailing as on Balance Sheet date or forward cover rates, as the case may be. Gains or losses on cancellation of forward exchange contracts and relating to the acquisition of fixed assets are adjusted to the cost of such fixed assets and those related to other account are recognized in the Profit and Loss Account under respective heads of accounts. The difference between the forward rate and the exchange rate at the date of transaction is recognized as income or expenses over the life of contract.

## 9. Borrowing Costs

Borrowing Costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. All other borrowing cost are charged to revenue.

## 10. Retirement Benefit

Contributions to Provident Fund are deposited with the appropriate authorities and charged to the Profit and Loss Account as incurred. The Company has made provision for gratuity based on 15 days' salary for each completed year of service.

## 11. Taxation

- a. Provision is made for both current & deferred taxes. Current tax is provided on the taxable income using the applicable tax rate & tax laws.
- b. The Deferred tax for timing differences is accounted for using the tax rates & laws that have been enacted or substantively enacted by the balance sheet date and is accrued with Accounting Standard 22-"Accounting for taxes on income" issued by the ICAI which includes current and deferred taxes.



# Statement of Significant Accounting Policies

## forming part of Accounts For the year ended 31<sup>st</sup> March, 2011

- c. Deferred tax Assets arising from timing differences are recognised only on the consideration of prudence and are reviewed at each Balance Sheet date.

### 12. Capital Work-In-Progress

The cost of assets not put to use before the year end, are disclosed under capital work-in-progress.

### 13. Insurance Claims

Insurance and other claims to the extent considered recoverable are accounted for in the year of claim based on the amount assessed by the surveyor. However, claim and refunds whose recovery cannot be ascertained with reasonable certainty, are accounted for on acceptance / actual receipts basis

### 14. Provision, Contingent Liabilities and Contingent Assets

Provision involving substantial degree of estimation in measurement are recognized when there is present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statement.

### 15. Leases

The Company's significant leasing arrangements are in respect of operating leases for premises (residential, office, Stores, Godowns etc.). The leasing arrangement which are not cancelable range between 11 months and five years generally, and are usually renewable by mutual consent on agreed terms. The aggregate lease rentals payable are charged as rent including lease rentals.

### 16. Export Incentives

Export benefits under various scheme announced by the Central Government under Exim Policy are accounted on accrual basis to the extent considered receivable depending on the certainty of receipts.

### 17. Sales Tax Deferment at NPV basis

The company is having sales tax deferments benefits from Government of Maharashtra. Sales Tax Deferments shown as liability at Net Present Value basis.

### 18. Segment Accounting

#### a) Segment accounting Policies

Segment accounting policies are in line with the accounting policies of the Company. In addition, the following specific accounting policies have been followed for segment reporting:

- i) Segment revenue includes sales and other income directly identifiable with/allocable to the segment including inter segment revenue.
- ii) Expenses that are directly identifiable with/allocable to segments are considered for determining the segment result. Expenses which relate to the Company as a whole and not allocable to segments are included under "unallocable corporate expenditure."
- iii) Income which related to the Company as a whole and not allocable to segments is included in "unallocable corporate income".

# Notes to the Accounts

## 1. Contingent Liability

			Amount in Rs. Lacs	
			FY 2010-11	FY 2009-10
01	In respect of counter guarantees given to Bank	Rs.	3,038.79	3,701.43
02	In respect of Excise matters in dispute / under Appeal	Rs.	261.71	140.74
03	In respect of Sales Tax Deferment Payable as per NPV basis - 820.80 Lacs	Rs.	2,076.18	3,233.17
04	In respect of Income Tax matters in dispute / under Appeal	Rs.	18.24	-
05	In respect of Sales Tax matters in dispute / under Appeal	Rs.	85.87	-

## 2. Earning Per Share

Basic earning per share has been reported as per Accounting Standards – 20 relating to “Earning per share” which have been computed by dividing net profit after tax by the weighted average no of shares outstanding for the period as under

	31st March, 2011	31st March, 2010
Net Profit for the year attributable to equity shareholders (Rupees in Lacs)	5,029.35	3,126.53
Weighted Average No of Shares in Lacs	173.24	173.24
Earning per Share (Rupees)	29.03	18.05

There are no potential equity shares as on 31st March, 2011 and accordingly the diluted Earning per share is the same as Basic Earning per Share.

## 3. Information pursuant to provisions of paragraph 3 and 4 of part II of schedule VI to the Companies Act, 1956:-

### A) Capacity & Production

Material	Unit	Licensed Capacity		Installed Capacity		Production	
		FY 2010-11	FY 2009-10	FY 2010-11	FY 2009-10	FY 2010-11	FY 2009-10
Cartridge Explosives	M.T.	76,590.00	76,600.00	95,700.00	76,600.00	49,859.14	54,070.12
Detonators	Mn s.	No 50.00	50.00	62.50	2.50	6 34.65	10.55
Detonating use	Mn .	Nos 75.00	39.00	93.00	39.00	56.96	29.68
PETN	M.T.	1,650.00	1,100.00	2,060.00	1,100.00	744.23	381.01
Cast Booster	M.T.	1,500.00	1,500.00	1,875.00	1,500.00	269.10	184.32
Speciality Chemicals	M.T.	2,880.00	1,080.00	2,880.00	1,080.00	1,409.06	1,054.78
Site Mixed (Emulsion) Explosives	M.T.	1,84,860.00	1,74,430.00	2,36,000.00	1,74,430.00	79,875.45	57,857.49
Other	M.T.					991.40	
						51 Nos	

# Notes to the Accounts Contd.

## B. Turnover & Stocks

Product	Unit	Turnover			
		Quantity	Value (In Lacs)	Quantity	Value (In Lacs)
		10-11		09-10	
Cartridge Explosives	M.T.	49,979.62	} 49,380.16	54,171.04	} 39,742.87
Detonators	Mn Nos.	34.76		10.51	
Detonating Fuse	Mn Mtrs.	58.97		30.58	
Others	M.T.	1,447.78		757.64	
	Nos.	47.00			
Scrap & By Product	M.T.	978.13		703.52	
	Nos.	2,095.00		2,481.00	
Site Mixed Emulsion Explosives	M.T.	79,875.45		57,857.49	
Trading Activities					
Ammonium Nitrate	M.T.	526.17		} 7,387.29	
Others	M.T.	219.37	854.17		
	Mn Nos.	0.203			

### Closing Stock (Finish Goods & Scrap)

Material	Unit	Closing Stock (Finish Goods & Scrap)			
		Quantity	Value (In Lacs)	Quantity	Value (In Lacs)
		10-11		09-10	
Cartridge Explosives	M.T.	469.48	} 378.40	628.28	} 320.47
Detonators & Accessories	Mn Nos.	0.61		0.73	
Detonating Fuse	Mn Mtrs.	2.53		4.56	
Other	M.T.	141.16		29.02	
	Nos.	4	} 2.95		} 6.58
Scrap & By Product	M.T.	28.69		193.76	
	Nos.	491.00		952.00	

## A. Raw Material And Packing Material & Stores

Product		Consumption			
		Quantity	Value (In Lacs)	Quantity	Value (In Lacs)
		10-11		09-10	
Raw Material (Cartridge Explosives)	M.T.	43,394.66	} 26,677.98	49,149.99	} 21,534.52
Raw Material (Site Mixed)	M.T.	61,188.66		48,050.93	
Raw Material (Detonators)	Mn Nos.	71.01		20.12	
	Mn Mtrs.	3.65		7.54	
	M.T.	93.81		39.14	
Detonating Fuse	M.T.	941.58		518.04	
Other & stores	M.T.	2,781.79		1,727.45	
Packing Material	M.T.	1,890.96		1,345.66	
	Mn Nos.	7.99		7.35	

# Notes to the Accounts Contd.

Amount in Rs. Lacs

4	FY 2010-11	FY 2009-10
<b>A) C.I.F. Value of Imports</b>		
i) Raw Material	9,898.88	14,781.87
ii) Capital Goods	4.99	255.82
<b>B) Earning in Foreign Exchange</b>		
Export of Goods calculated on FOB basis	7,267.05	4,132.63
(CIF basis Value)	9,399.14	5,360.61
<b>C) Expenditure in Foreign Currency</b>		
On account of Bank Interest	333.79	287.87
On account of Sales Commission	256.98	297.38
On account of Ocean Freight	1,849.96	1,636.00
On account of Sales Promotion Expenses	104.63	43.71
On account of Other Expenses	119.96	160.39

5. **Related party disclosures** required as per AS-18 on 'Related Parties disclosures' issued by the Institute of Chartered Accountants of India, are below for the year ended on 31st March, 2011.

1. **Holding Company** : NIL
2. **Subsidiaries** :
  - a) Economic Explosives Limited
  - b) Solar Mines & Minerals Ltd.
  - c) Solar Mining Resources Ltd.
  - d) Navbharat Coalfields Ltd.
3. **Fellow Subsidiaries** : NIL
4. **Overseas Subsidiaries** :
  - a) Solar Overseas Mauritius Limited
  - b) Solar Agro Florestal LDA\*
  - c) Solar Industries Mocambique LDA\*
  - d) Solar Recursos Minerals LDA\*
5. **Fellow Overseas Subsidiaries**
  - a) Solar Explochem Mauritius Ltd.\*
  - b) Solar Netherlands Corporatie U.A.
  - c) Solar Netherlands Overseas B.V.
  - d) Ilci Patlayici Maddeler Sanayi VeTicaret Anonim Sirketi
  - e) PATSAN Pattlayici Maddeler Sanayi Ve Ticaret
  - f) Solar Overseas Singapore Pte Limited
  - g) Solar Nigachem Nigeria Limited\*
  - h) Nigachem Nigeria Limited
  - i) Solar Explochem Zambia Limited
  - j) Solar Mining Services Australia Pty Ltd.\*
  - k) Solar Nitrochemicals Limited\*
  - l) PT. Solar Mining Resources\*

## Notes to the Accounts Contd.

### 6. Associates

- a) Solar Synthetics Private Limited
- b) Mahakal Infrastructures Private Limited
- c) Mahakal Project Private Limited
- d) Nagpur Infrastructure Private Limited
- e) Solar Bhatgaon Extension Mines Private Limited
- f) SMS Bhatgaon Mines Extension Private Limited
- g) Bhatgaon Extension Mines Private Limited
- h) Bhatgaon Mines Private Limited
- i) Sunbeam Explosives Limited
- j) Sunrise Explosives Limited
- k) Solar Initiating Systems Limited
- l) Madanpur North Coal Fields Limited
- m) Solar Processors Limited
- n) Commercial Sales Corporation
- o) Australian Explosive Technologies Group PtyLtd

\* Note: The Company has not commenced any business operations, hence financial performance is not available.

### 6. Key Management Personnel

- a) Shri.S.N.Nuwal
- b) Shri K.C.Nuwal
- c) Shri Manish Nuwal
- d) Shri K.S. Talesra
- e) Shri R.D.Vakil

Amount in Rs. Lacs

Particulars	Subsidiaries		Associates		Key Management Personnel	
	FY 2010-11	FY 2009-10	FY 2010-11	FY 2009-10	FY 2010-11	FY 2009-10
Sale of Goods	4,670.34	348.90		277.60		
Purchase of Materials	2,148.40	1,465.90	2.97	31.41		
Services Received	367.45	459.32		43.52		
Services Rendered	236.26	449.73		-		
Remuneration		-		-	532.80	292.82
Loan Given Outstanding	537.90	415.51	7,418.72	5,628.79		
Loan Received Outstanding		728.76	1,137.02	595.60		
Interest Received	49.74	42.21	846.40	689.86		
Interest Paid		121.32	112.52	28.82		
Dividend received	672.00					
Project Sale	658.29					
Discount given	4.94					
Purchase of Land					273.24	
Balance Outstanding	2,572.80	-63.63	-	271.15	-226.41	

# Notes to the Accounts Contd.

## 7. Investment in Shares of subsidiary Companies in the year ended 31<sup>st</sup> March 2011

Amount in Rs. Lacs

	FY 2010-11	FY 2009-10
1. Economic Explosives Ltd.	1,449.64	1,449.64
2. Solar Overseas Mauritius Ltd.	3,882.21	691.31
4. Solar Mines & Minerals Ltd	2.55	2.55
5. Navbharat Coalfields Ltd.	800.00	800.00
6. Solar Mining Resources Ltd	2.55	2.55
7. Solar Recoursos Minerals LDA	0.37	0.37
8. Solar Industrias LDA	0.37	0.37
9. Solar Agro Florestal LDA	0.37	0.37

## 8. Employee retirement benefits

Contributions to Provident Fund are deposited with the appropriate authorities and charged to the Profit and Loss Account as incurred. The Company has made provision for gratuity based on 15 days' salary for each completed year of service.

9. As regards the Accounting Standard 17 'Segment Reporting' there is two business segments, one is manufacturing and trading of explosives and other is trading of Ammonium Nitrate.

Amount in Rs. Lacs

Particulars	Solar Industries India Limited STANDALONE			
	Audited Quarter ended		Audited Year ended	
	31st March 2011	31st March 2010	31st March 2011	31st March 2010
<b>1. Segment Revenue</b>				
a. Explosives	12,686.28	10,726.26	45,552.15	37,143.41
b. Trading	192.82	1,877.91	5,101.71	9,544.67
c. Others	2,486.24	1,303.46	2,746.74	1,662.39
<b>Total</b>	<b>15,365.34</b>	<b>13,907.63</b>	<b>53,400.60</b>	<b>48,350.47</b>
Less: Inter segment revenue	0.00	0.00	0.00	0.00
Revenue from Sales & other Income and exchange fluctuation gains	15,365.34	13,907.63	53,400.60	48,350.47
<b>2. Segment Results</b>				
<b>Profit/(loss) (before tax and interest from each segment)</b>				
a. Explosives	1,809.86	780.01	6,291.96	4,579.57
b. Trading	14.05	12.46	(67.24)	(212.46)
<b>Total</b>	<b>1,823.91</b>	<b>792.47</b>	<b>6,224.72</b>	<b>4,367.11</b>
Less:				
(i) Interest paid	531.61	170.99	1,106.46	1,201.04
(ii) Other un-allocable expenditure net off un-allocable income	(490.03)	(722.22)	(2,452.53)	(1,753.01)
Total Profit Before Tax	1,782.33	1,343.7	7,570.79	4,919.08
<b>3. Capital Employed</b>				
a. Explosives	30,608.36	26,782.81	30,608.36	26,782.81
b. Trading	0.00	0.00	0.00	0.00
c. Others	0.00	0.00	0.00	0.00
<b>Total</b>	<b>30,608.36</b>	<b>26,782.81</b>	<b>30,608.36</b>	<b>26,782.81</b>

Sales Tax Provision at NPV basis of Rs. 306.77 Lacs is included in Sales Tax Expenses.

# Notes to the Accounts Contd.

## 10. PAYMENT MADE TO AUDITORS:

	Amount in Rs. Lacs	
	FY 2010-11	FY 2009-10
1. As Audit fees	17.60	16.00
2. Legal matters	2.93	5.42
3. As VAT Audit Fees	2	1.25

11. In earlier year the Company has supplied explosives to Coal India Ltd from 1st March, 2006 to 30th June, 2006 as per old rate contract rates on confirmation from Coal India Ltd that new rate contract will be issued effective from 1st March, 2006 Coal India Ltd has issued new rate contract w.e.f 29th July, 2006 without covering the period From 1st March, 2006 to 30th June, 2006. The Company has protested and now this is sub Judice at Hon. Calcutta High Court on the ground that since no rate contract has been issued for 01.03.06 to 30.06.06 so rates of old rate contract shall be applied. During the year Hon. Calcutta High Court has given an order asking Bank Guarantee against such deductions and company has submitted the same which is included in contingent liability. The court has passed an order for release of payment against Bank Guarantee for Cartridge & Accessories Division only and allowed full deduction for Bulk Division pending final decision in the matter by the Hon. Calcutta High Court.

12. During the year company has traded Ammonium Nitrate of Rs. 5101.71 Lacs.

13. Company has made investment during FY 2008-09 in two SPV companies along with SMS Infrastructure Pvt.Ltd. to enter into Joint Venture with CMDC for mining work and separate Joint venture companies is formed in which the stake of CMDC is 51%. The stake of Solar Industries India Ltd. in SPV Company is as follows.

Solar Bhatgaon Ext.Mines Pvt.Ltd. 49%

SMS Bhatgaon Mines Extension Pvt.Ltd. 49%

14. During the year the Company has invested \$ 70.00 Lacs in its foreign subsidiary Solar Overseas Mauritius Ltd.further Solar Overseas Mauritius Ltd.has invested in Solar Netherlands Corporatie U.A., Solar Netherlands Overseas B.V., Ilci Patlayici Maddeler Sanayi VeTicaret Anonim, PATSAN Patlayici Maddeler Sanayi Ve Ticaret, Solar Overseas Singapore Pte Limited , Nigachem Nigeria Limited, Solar Explochem Zambia Limited

15. During the year the Company has executed the turnkey project of installation of Bulk Explosive Manufacturing Plant for its associate company Nigachem Nigeria Limited. of Rs. 626.79 Lacs

16. During the year the Company has provided Rs. 546.90 Lacs against Powder Factor deductions for its supplies of explosives to Coal India Ltd.

17. Sundry Creditor includes outstanding balance of M/s Citco Waren Handel Sgesellschaft & Quantum Fertilizers Ltd. Rs. 6787.26 Lacs which includes payment outstanding against Buyers Credit is Rs. 6787.26 Lacs.

## 18. Power Consumption

	FY 2010-11	FY 2009-10
Purchase Unit (in Kwh.)	44,71,514 Units	39,42,211 Units
Own Generation (in Kwh.)	3,35,000 Units	2,62,285 Units

19. Some of the customers and suppliers accounts are pending for confirmation/reconciliation and the same have been taken as per the balances appearing in the books. Any differences arising on account of such reconciliations, which are not likely to be material, will be accounted for as and when these reconciliations are completed.

## 20. Remuneration Paid to Executive Directors

Amount in Rs. Lacs			
Salary		Commission	
FY 2010-11	FY 2009-10	FY 2010-11	FY 2009-10
208.80	156.60	324.00	136.22

# Notes to the Accounts Contd.

## 21. Capital work in progress in Fixed Assets

Company has got status of "Mega Project" from Government of Maharashtra. Company has made investment in Fixed Assets. Project work is not completed, hence shown under Capital WIP.

Civil Construction worth **Rs. 471.36 Lacs**, Plant & Machinery worth **Rs. 693.78 Lacs**, Electric Installation worth **Rs. 49.65 Lacs**, and other work in progress **Rs. 409.67 Lacs**.

22. Excise Duty shown under expenditure represents the aggregate of the difference between Excise Duty on the Opening and Closing Stock of Finished Goods. Excise Duty deducted from Sales represents Excise Duty paid.

23. In line with the Company's risk management policy. The various financial risks mainly relating to changes in the exchange rates, interest rates and commodity prices are hedged by using a combination of forward contracts, swaps and other derivative contracts, besides the natural hedges.

Unhedged foreign currency exposures as at 31st March, 2011 are as under.

	Amount in Rs. Lacs
i. Receivables, Including firm commitments and highly probable forecasted transactions	<b>3,593.88</b>
ii. Payables, including firm commitments and highly probable forecasted transactions	<b>10,906.49</b>

24. Sundry Creditors for goods and expenses include dues to Micro Small & Medium Scale Business Entities aggregating to Rs. 95.44 Lacs. The names of Micro Small & Medium Scale Business Entities (to the extent of information available with the management) to whom the Company owes a sum exceeding Rs. 1 lac each Basic Chemical Industry, Kalinga Wrappers, Sunrise Technologies, Welset Plast Extrusion Pvt.Ltd., Sankhala Industries, Bharat Solar Cable, Rudraksha Allied Chemical Pvt.Ltd., Hindustan Gum & Chemicals Ltd., Gujrat Polymers, Anupam Colours Pvt.Ltd., Geeta Packaging Industries, Shree Gajanan Agro Industries, Maxwell Poly Products, Sachin Polypack & Gayatri Packaging Industries. None of the aforesaid outstanding is due for payment as at 31st March, 2011 as per agreed terms.

25. Export Incentive receivable under duty free credit entitlement included under the head Loans & Advances is pending due to disposal for some procedural aspects with Government. Shortfall / excess if any will be taken into accounts as and when it is determined.

## 26. Manufacturing sales includes input material sales

## 27. Disclosure as required by Accounting Standard 19 "Leases" issued by the institute of Chartered Accounts of India are given below:

Being the Company is Lessee:

(i) The Company's significant leasing arrangements are in respect of godown / residential / office premises (including furniture and fittings therein, as applicable). The aggregate lease rental payable is charged to Profit and Loss Account as Rent.

(ii) The Leasing arrangements, which are cancelable at any time on month to month basis and in some cases between 11 months to 5 years, are usually renewable by mutual consent on mutually agreeable terms. Under these arrangements generally refundable interest free deposits have been given.

28. All known liabilities have been taken into consideration.

29. The previous years figures have been regrouped/reclassified where necessary, to conform to the current year's presentation.

Place : Nagpur

Date : 19th May, 2011

As per our Report of even date annexed

For **Gandhi Rathi & Co.,**

Chartered Accountants

**C.N. Rathi**

Partner

M. No. 39895

Firm Reg No. 103031W

For And On Behalf Of The Board

**S.N.Nuwal**

Director

**Manish Nuwal**

Director

**Khushboo Pasari**

Company Secretary



# Annexure to Notes on Account No.6 Schedule VI part requirement

[Vide GSR No. 388 (E) Dt. 15.5.95 and press Note No. 2/95 (No. 3/24/94/CL-V) Dt. 18.7.95

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

### I. Registration Details

CIN No.  State Code   
 Date Balance Sheet

### II. Capital Raised during the year :

Public Issue  Right Issue   
 Bonus Issue  Private placement

### III. Position of Mobilisation & Development of Funds :

Total Liabilities  Total Assets   
 A) Sources of Funds  
 Paid up Capital  Reserve & Surplus   
 Secured Loan  Unsecured Loan   
 Deferred Tax Liability   
 B) Application of funds  
 Net Fixed Assets  Investments   
 Net Current Assets  Misc. Expenses

### IV. Performance of the Company

Total Turnover  Total Expenditure   
 Profit Before Tax  Profit After Tax   
 Earning per share In Rs.  Dividend Rate %

### V. Generic Names of Three Principal Products/Services of the company (As per Monetary Terms)

\* Item Code No.  \* Product Description   
 \* Item Code No.  \* Product Description   
 \* Item Code No.  \* Product Description

In terms of the publication Indian Trade classification by Ministry of Commerce, D.G. of Commercial Intelligence & Statistics, Kolkata - 770 001.

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# AUDITOR'S REPORT

## TO THE MEMBERS OF SOLAR INDUSTRIES INDIA LIMITED

1. We have audited the attached Consolidated Balance Sheet of Solar Industries India Limited, as at 31st March, 2011, the Consolidated Profit and Loss Account and Cash Flow Statement of the Company for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that :
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - (c) The Balance Sheet, Profit and Loss Account and Cash flow statement dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
  - (e) According to the information and explanations given to us and on the basis of written representations from Directors taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31st March, 2011 from being appointed as director under Section 274(1)(g) of the Companies Act, 1956.
  - (f) In our opinion and to the best of our information and according to the explanations given to us, and subject to our notes/observations brought out elsewhere in the report, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true a fair view in conformity with the accounting principles generally accepted in India:
    - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011.
    - (b) in the case of the Profit and Loss Account of the Profit for the year ended on that date.
    - (c) in the case of Cash flow statement, of the Cash flows for the year ended on that date.

FOR **GANDHI RATHI & CO.,**  
CHARTERED ACCOUNTANTS

(C.N.RATHI)  
PARTNER

M. No. 39895

Firm Reg. No. 103031W

PLACE : NAGPUR

DATED : 19th May, 2011

# Consolidated Balance Sheet

as on 31st March, 2011

Particulars	Schedule	Amount in Rs. Lacs	
		AS AT 31st March, 2011	AS AT 31st March, 2010
<b>SOURCES OF FUNDS</b>			
<b>Share Holders' Fund</b>			
Share Capital	A	1732.38	1732.38
Reserves and Surplus	B	29871.58	24792.00
		<b>31603.96</b>	<b>26524.38</b>
Minority Interest		2745.27	6.21
<b>Loan Funds</b>			
Secured Loans	C	11081.67	7975.58
Unsecured Loans	D	5086.44	2792.25
		<b>16168.11</b>	<b>10767.83</b>
<b>Deferred Tax Liability</b>		1691.77	1419.66
<b>Grand Total</b>		<b>52209.11</b>	<b>38718.08</b>
<b>APPLICATION OF FUNDS</b>			
GOODWILL		327.14	0.00
<b>Fixed Assets</b>			
Gross Block	E	24114.14	15133.47
Less: Depreciation		4576.56	3657.38
Net Block		19537.58	11476.09
Capital Work-In-Progress		2645.14	2083.61
Net Fixed Assets		<b>22182.72</b>	<b>13559.70</b>
<b>Investments</b>	F	1225.80	1044.67
		<b>1225.80</b>	<b>1044.67</b>
<b>Current Assets, Loans &amp; Advances</b>			
Inventories	G	5920.86	3795.09
Debtors and Other Debit Balances	H	9686.01	8977.02
Cash and Bank Balances	I	6702.33	9397.83
Loans and Advances	J	19512.03	16844.12
		<b>41821.23</b>	<b>39014.06</b>
<b>Less: CURRENT LIABILITIES &amp; PROVISIONS</b>	K	13901.73	15304.37
<b>Net Current Assets</b>		<b>27919.50</b>	<b>23709.69</b>
<b>MISCELLANEOUS EXPENDITURE</b> (To The Extent Not Written Off )		553.95	404.02
		<b>553.95</b>	<b>404.02</b>
<b>GRAND TOTAL</b>		<b>52209.11</b>	<b>38718.08</b>

Place : Nagpur

Date : 19th May, 2011

Notes on accounts as per schedule

As per our Report of even date annexed

For **Gandhi Rathi & Co.**,

Chartered Accountants

**C.N. Rathi**

Partner

M. No. 39895

Firm Reg No. 103031W

For And On Behalf Of The Board

**S.N.Nuwal**

Director

**Manish Nuwal**

Director

**Khushboo Pasari**

Company Secretary

# Consolidated Profit And Loss Account

for the year ended 31st March, 2011

Amount in Rs. Lacs

Particulars	Schedule	FOR THE YEAR ENDED 31st March, 2011	FOR THE YEAR ENDED 31st March, 2010
<b>INCOME</b>			
Sales	L	72285.81	59019.31
Less: Excise Duty		4340.73	3277.93
		67945.08	55741.38
Other Income	M	2701.77	2598.79
<b>TOTAL</b>		<b>70646.85</b>	<b>58340.17</b>
<b>EXPENDITURE</b>			
Operating Expenses	N+O+P	55799.57	47140.39
Depreciation	E	766.20	784.96
Interest and Finance Charges	Q	1275.86	1335.98
<b>TOTAL</b>		<b>57841.63</b>	<b>49261.33</b>
<b>PROFIT BEFORE TAX</b>		12805.22	9078.84
<b>Provision for Tax</b>			
Current Tax		4213.04	3095.81
Deferred Tax		257.76	138.13
Prior Period Taxes		38.88	-14.47
		<b>4509.68</b>	<b>3219.47</b>
<b>PROFIT AFTER TAX (Before adj. for Minority Interest)</b>		8295.54	5859.37
<b>Share of Profit transfer to Minority Interest</b>		735.88	0.00
<b>PROFIT AFTER TAX (After adj. for Minority Interest)</b>		7559.66	5859.37
Balance Brought Forward		8457.74	6017.12
<b>BALANCE AVAILABLE FOR APPROPRIATION</b>		<b>16017.40</b>	<b>11876.49</b>
<b>APPROPRIATION</b>			
Interim Dividend		692.95	606.33
Proposed Dividend		692.95	606.33
Tax on Dividend		230.18	206.09
General Reserve		3000.00	2000.00
<b>Balance C/F to Balance Sheet</b>		<b>11401.32</b>	<b>8457.74</b>
<b>TOTAL</b>		<b>16017.40</b>	<b>11876.49</b>
Basic Earnings Per Share Rs. (See Note 7)		43.64	33.82

Place : Nagpur

Date : 19th May, 2011

Notes on accounts as per schedule  
As per our Report of even date annexed  
For **Gandhi Rathi & Co.**,  
Chartered Accountants

**C.N. Rathi**

Partner

M. No. 39895

Firm Reg No. 103031W

For And On Behalf Of The Board  
**S.N.Nuwal**                      **Manish Nuwal**  
Director                                      Director

**Khushboo Pasari**  
Company Secretary

# Consolidated Cash Flow Statement

for the year ended on 31st March, 2011

PARTICULARS	Amount in Rs. Lacs	
	FY 2010-11	FY 2009-10
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Tax	12805.22	9078.84
Adjustments for :		
Depreciation	766.21	784.96
Interest Expense	1275.86	1335.98
Exchange Reserve	-123.73	0.00
	<b>1918.34</b>	<b>2120.94</b>
<b>Operating Profit before working Capital Changes</b>	<b>14723.56</b>	<b>11199.78</b>
(Increase)/Decrease in Sundry Debtors	-708.99	1339.87
(Increase)/Decrease in Inventories	-2125.77	-1031.05
(Increase)/Decrease in Loans & Advances	-2667.91	-4622.61
Increase/(Decrease) in Current Liabilities	-1402.64	552.96
	-6905.31	-3760.84
<b>Cash Generated from Operations</b>	<b>7818.25</b>	<b>7438.94</b>
Deferred Tax	257.76	138.14
Income Tax Paid	4213.04	3095.81
Prior period tax	38.88	-14.47
	4509.68	3219.47
<b>Net Cash from Operating Activities</b>	<b>3308.57</b>	<b>4219.47</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Increase in Fixed Assets	-9652.64	-2366.29
Depreciation w/back	219.43	0.00
Sale of Fixed Asset	43.99	0.00
Increase in pre op Exp	-149.93	-122.26
Increase (+) in Investment	-181.14	-603.70
Purchase Of Goodwill	-327.14	0.00
<b>Net Cash from Investing Activities</b>	<b>-10047.43</b>	<b>-3092.24</b>

# Consolidated Cash Flow Statement

for the year ended on 31st March, 2011

PARTICULARS	Amount in Rs. Lacs	
	FY 2010-11	FY 2009-10
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Changes in Working Capital Loan	2465.94	-1842.99
Decrease in term loan	-218.43	0.00
Increase in other secured loan	3389.80	6359.00
Repayment of Commercial Paper	-2500.00	0.00
Repayment of Vehicle Loan	-31.22	0.00
Increase in overseas Reserves	47.09	0.00
Increase in Minority Interest	2739.06	0.00
Share of Profit transfer to Minority Int.	-735.88	0.00
Capital reserve on consolidation	-787.35	0.00
Increase In Unsecured Loans	2294.19	-922.66
Proposed Dividend	-692.95	-606.33
Interim Dividend	-692.95	-606.33
Interest	-1275.86	-1335.98
Deferred Tax	272.11	138.14
Tax on Dividend	-230.18	-206.09
<b>Net Cash from Financing Activities</b>	<b>4043.37</b>	<b>976.74</b>
<b>Net Increase in Cash &amp; Cash equivalents</b>	<b>-2695.49</b>	<b>2103.97</b>
<b>Notes :</b>		
1) Cash & Cash equivalents at the beginning of period	9397.82	7293.85
Cash & Cash equivalents at the end of period	6702.33	9397.82
	-2695.49	2103.97
2) The above cash flow statement has been prepared in accordance with the requirements of Accounting Standard 3 "Cash Flow Statement" issued by the Institute of Chartered Accountants of India.		

Place : Nagpur

Date : 19th May, 2011

Notes on accounts as per schedule

As per our Report of even date annexed

For **Gandhi Rathi & Co.,**

Chartered Accountants

**C.N. Rathi**

Partner

M. No. 39895

Firm Reg No. 103031W

For And On Behalf Of The Board

**S.N.Nuwal**

Director

**Manish Nuwal**

Director

**Khushboo Pasari**

Company Secretary

# Schedule forming part of the accounts for the year ended 31st March, 2011

SCHEDULES	Amount in Rs. Lacs	
	31st March, 2011	31st March, 2010
<b>SCHEDULE 'A'</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised Share Capital</b>		
27000000 Equity Shares of Rs. 10/- each	2700.00	2700.00
17323816 Equity Shares of Rs. 10/- each	1732.38	1732.38
	<b>1732.38</b>	<b>1732.38</b>
<b>SCHEDULE 'B'</b>		
<b>RESERVES AND SURPLUS</b>		
<b>General Reserve</b>	10753.66	7706.58
Exchange Rate Reserve	-123.73	0.00
Profit & Loss Account	11401.32	8457.74
<b>Capital Reserve</b>		
Share Premium	7790.33	7790.33
Capital Reserve on Consolidation	0.00	787.35
State Capital Incentive	50.00	50.00
	<b>29871.58</b>	<b>24792.00</b>



# Schedule forming part of the accounts for the year ended 31st March, 2011 (contd.)

SCHEDULES	Amount in Rs. Lacs	
	31st March, 2011	31st March, 2010
<b>SCHEDULE 'C'</b>		
<b>SECURED LOANS</b>		
Term Loan - Development Bank Of Singapore	4119.23	4119.23
Term Loan (Windmill)	0.00	218.43
Vehicle Loan (On tangible , Movable & Immovable Fixed Assets)	0.00	31.22
SBI IFB FCNR Cash Credit	1421.86	999.96
Axis Bank - WCDL	1371.88	0.00
Bank of India - Cash Credit	376.07	106.74
HSBC Export Packing Credit A/C	893.82	0.00
BOI OD - Against FDR	1315.31	0.00
SCB - Export Packing Credit	1180.67	0.00
Allahabad Bank - CP	0.00	2500.00
Grantee Bank Turkey CC	57.42	
Diamond Bank Nigeria CC	345.41	0.00
Hypothecation of Stocks of Raw Materials, Finished Goods, Goods in Process, Stores, Receivables and other Current Assets, & Second Charge on Fixed Assets of the Company.		
	<b>11081.67</b>	<b>7975.58</b>
<b>SCHEDULE 'D'</b>		
<b>UNSECURED LOANS</b>		
From Financial Institutions :		
HDFC - WCDL Loan	2000.00	0.00
Export Packing Credit - SCB	0.00	906.90
From Others	2167.45	595.60
Sales Tax Deferral Loan	918.99	1289.75
	<b>5086.44</b>	<b>2792.25</b>

# Schedule forming part of the accounts for the year ended 31st March, 2011 (contd.)

## SCHEDULE 'E'

### SCHEDULE OF FIXED ASSETS

ASSETS	GROSS BLOCK		DEDUCTIONS		ADDITIONS		DEDUCTIONS		GROSS BLOCK		DEPRECIATION			NET BLOCK	
	AS ON 1st April, 2010	AS ON 31st MARCH, 2011	DURING THE YEAR	DURING THE YEAR	DURING THE YEAR	DURING THE YEAR	UPTO 1st April, 2010	DURING THE YEAR	Adjustment	DEDUCTIONS DURING THE YEAR	UP TO 31st MARCH, 2011	AS ON 31st MARCH, 2010	AS ON 31st MARCH, 2011		
LAND	537.03	2351.78			1814.75							537.03	2351.78		
PLOT		285.18			285.18								285.18		
CIVIL CONSTRUCTION	4814.32	7758.75	1.99		2946.42		904.94	150.63		0.23	1055.34	3909.38	6703.41		
OFFICE BUILDING	110.61	473.83			363.22		12.14	1.47			13.61	98.47	460.22		
PLANT & MACHINERY	6688.81	9457.53			2768.72		1820.95	285.48			2163.19	4867.86	7294.34		
FURNITURE & FIXTURES(Factory)	128.97	143.86			14.89		36.27	9.21			45.48	92.70	98.38		
FURNITURE & FIXTURES (Office)	66.86	77.51			10.65		16.45	3.10			19.55	50.41	57.96		
OFFICE EQUIPMENT	414.78	551.33	19.23		155.78		173.19	40.59		6.07	248.33	241.59	303.00		
VEHICLES	2362.33	2995.49	89.21		722.37		693.44	275.71			1031.06	1668.89	1964.43		
PLANTATION		9.76										9.76	9.76		
INTANGIBLE ASSETS		9.12			9.12				*				9.12		
	<b>15133.47</b>	<b>24114.14</b>	<b>110.43</b>	<b>766.20</b>	<b>9091.11</b>	<b>219.43</b>	<b>3657.38</b>	<b>66.44</b>	<b>66.44</b>	<b>4576.56</b>	<b>11476.09</b>	<b>19537.58</b>			

#### NOTES :

- Addition during the year includes Rs. 694.74 Lacs towards opening gross block of foreign subsidiary acquired during the year.
- Adjustment in depreciation of Rs. 219.42 is the opening balance of accumulated depreciation of foreign subsidiary acquired during the year.

# Schedule

 forming part of the accounts for the year ended 31st March, 2011 (contd.)

SCHEDULES	Amount in Rs. Lacs	
	31st March, 2011	31st March, 2010
<b>SCHEDULE 'F'</b>		
<b>INVESTMENTS</b>		
<b>LONG-TERM INVESTMENTS</b>		
Quoted – At Cost	29.91	35.74
Unquoted – At Cost	766.48	590.76
<b>SHORT-TERM INVESTMENTS</b>		
Quoted – At lower of Cost or Market Value	429.41	418.17
	<b>1225.80</b>	<b>1044.67</b>
<b>SCHEDULE 'G'</b>		
<b>INVENTORIES (Valued at Cost)</b>		
Raw Material and Packing Material	4720.66	3109.18
Traded Goods	10.65	6.29
Finished Goods	1036.66	514.16
Semi-Finished Goods	129.87	124.22
Scrap	23.02	41.24
	<b>5920.86</b>	<b>3795.09</b>
<b>SCHEDULE 'H'</b>		
<b>DEBTORS &amp; DEBIT BALANCES</b>		
Trade Debtors (Unsecured, Considered Good )	9686.01	8977.02
	<b>9686.01</b>	<b>8977.02</b>
<b>SCHEDULE 'I'</b>		
<b>CASH AND BANK BALANCES</b>		
Cash In Hand	98.50	43.63
Balance with Scheduled Banks-Current Accounts & Fixed Deposits	6599.60	8892.68
Balance with Non-Scheduled Banks-Current Accounts & Fixed deposits	4.23	461.52
	<b>6702.33</b>	<b>9397.83</b>
<b>SCHEDULE 'J'</b>		
<b>LOANS AND ADVANCES</b>		
Advances To Suppliers	1922.60	1747.56
Advances for Fixed Assets	604.46	318.92
Employee Advances	39.35	66.19
Balances With Revenue Authorities	1818.57	2934.90
Security & Other Deposits	345.78	275.58
Other Loans and Advances	14781.27	11500.97
	<b>19512.03</b>	<b>16844.12</b>

# Schedule forming part of the accounts for the year ended 31st March, 2011 (contd.)

Amount in Rs. Lacs

SCHEDULES	31st March, 2011	31st March, 2010
<b>SCHEDULE 'K'</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
Creditors for Goods	8520.75	11359.83
Creditors for Expenses & Others	607.18	458.20
Customers' Advances	639.32	506.54
Creditors for Fixed Assets	231.95	68.55
Expenses Payable	779.89	683.34
Other Liabilities	3122.64	2227.91
	<b>13901.73</b>	<b>15304.37</b>
<b>SCHEDULE 'L'</b>		
<b>SALES</b>		
Manufacturing Sales	62162.34	47590.04
Trading Sales	9376.33	10302.73
Other Sale	747.14	1126.54
	<b>72285.81</b>	<b>59019.31</b>
<b>SCHEDULE 'M'</b>		
<b>OTHER INCOME</b>		
Interest Income	2325.18	2165.46
Interest on Bank deposits	18.93	362.68
Gain from exchange rate Fluctuation	214.68	0.00
Dividend Income	1.36	1.05
Other Miscellaneous Income	141.62	69.60
	<b>2701.77</b>	<b>2598.79</b>
<b>OPERATING EXPENSES</b>		
<b>SCHEDULE 'N'</b>		
<b>MATERIAL CONSUMED</b>		
Raw Materials, Packing Materials & Consumables	29577.65	22714.85
Project Material	427.46	0.00
	30005.11	22714.85
Trading Goods	8990.13	9950.00
Total 'N'	<b>38995.24</b>	<b>32664.85</b>

# Schedule

 forming part of the accounts for the year ended 31st March, 2011 (contd.)

SCHEDULES	Amount in Rs. Lacs	
	31st March, 2011	31st March, 2010
<b>OPERATING EXPENSES</b>		
<b>SCHEDULE 'O'</b>		
<b>A) MANUFACTURING EXPENSES</b>		
Power & Fuel	676.64	434.78
Repairs & Maint. - P & M & Electrical	119.13	154.98
Repairs & Maint. - Civil, Vehicles & Others	319.34	394.96
Insurance	188.62	196.23
Factory Expenses	93.38	90.27
Security Service Charges	130.41	76.00
Excise Duty	18.98	34.06
Pump Truck Expenses	299.47	194.87
<b>TOTAL A</b>	<b>1845.97</b>	<b>1576.15</b>
<b>B) STAFF COSTS</b>		
Salaries and Wages	2895.59	2004.91
Bonus to Employees	60.95	53.77
Gratuity	46.52	29.37
Provident Fund Contributions	73.51	62.11
Staff Welfare Expenses	53.72	31.12
<b>TOTAL B</b>	<b>3130.29</b>	<b>2181.28</b>
<b>C) ADMINISTRATIVE EXPENSES</b>		
Remuneration to Directors	558.61	314.32
Conveyance Expenses	182.65	99.81
Consultancy Charges	427.87	303.12
Telephone Expenses	50.13	34.19
Printing & Stationery Expenses	46.42	35.41
Office Expenses	109.29	35.16
Rent, Rates & Taxes	150.66	168.90
Donation	49.89	101.67
Audit Fees	35.93	24.50
Postage & Telegram Expenses	12.98	10.02
Legal Expenses	8.85	16.94
Internal Audit Fees	12.45	7.35
IT Expenses	47.38	53.92
Miscellaneous Expenses	14.30	14.06
<b>TOTAL C</b>	<b>1707.41</b>	<b>1219.37</b>

# Schedule forming part of the accounts for the year ended 31st March, 2011 (contd.)

SCHEDULES	Amount in Rs. Lacs	
	31st March, 2011	31st March, 2010
<b>OPERATING EXPENSES</b>		
<b>SCHEDULE 'O' (Contd.)</b>		
<b>D) SELLING &amp; DISTRIBUTION EXPENSES</b>		
Transportation Expenses	652.84	624.88
Export Expenses	3283.52	2204.53
Sales Tax	4636.29	4163.79
Sales / Agency Commission	706.76	747.82
Travelling Expenses	298.90	242.58
Sales Promotion Expenses	253.04	73.86
Discount & Settlement Expenses	687.83	742.21
Advertisement Expenses	10.35	10.13
Miscellaneous Expenses	88.45	576.97
<b>TOTAL D</b>	<b>10617.98</b>	<b>9386.77</b>
<b>TOTAL A+B+C+D</b>	<b>17301.65</b>	<b>14363.57</b>
<b>Total 'N + O'</b>	<b>56296.89</b>	<b>47028.42</b>

## Schedule forming part of the accounts for the year ended 31st March, 2011 (contd.)

SCHEDULES	Amount in Rs. Lacs	
	31st March, 2011	31st March, 2010
<b>OPERATING EXPENSES</b>		
Schedule (N+O) as per list	56296.89	47028.43
<b>SCHEDULE 'P'</b>		
( INCREASE ) / DECREASE IN STOCKS	-497.32	111.97
<b>Total Operating Expenses (N+O+P)</b>	<b>55799.57</b>	<b>47140.39</b>
<b>SCHEDULE 'Q'</b>		
<b>INTEREST AND FINANCE CHARGES</b>		
Interest on FCNR, Other Term Loan & Vehicle Loan	253.44	38.99
Interest on Cash Credit	533.65	718.05
Interest Charges - Others	135.21	29.27
Bank Charges	317.84	364.36
Other Charges	11.02	0.00
Foreign Exchange Fluctuation - Loss	0.00	157.00
Loss on sale of assets	1.33	0.00
Loss On Shares/Derivative loss	23.37	28.31
	<b>1275.86</b>	<b>1335.98</b>

# Significant Accounting Policies

## 1. Basis of preparation of financial statements:

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in India for the year ended 31<sup>st</sup> March, 2011.

## 2. Principles of consolidation

The consolidated financial statements of the Company include financial statements of its subsidiaries, where Solar Industries India Limited is able to exercise control over the operating and financial policies of the companies. All material inter-company accounts and transactions are eliminated on consolidation.

The consolidated financial statements have been prepared on the following basis:

- The financial statements of the Company and its subsidiary companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intragroup balances and intra-group transactions resulting in unrealised profits or losses in accordance with Accounting Standard (AS) 21- "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.
- In case of foreign subsidiaries, being non-integral foreign operations, revenue items & all assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the exchange fluctuation reserve.
- The difference between the cost of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognised in the financial statements as Goodwill or Capital Reserve as the case may be.
- Minority Interest's share of net profit of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company.
- Investment in Associate Companies has been accounted under the equity method as per (AS 23) – "Accounting for Investments in Associates in Consolidates Financial Statements".
- Investments other than in subsidiaries and associates have been accounted as per Accounting Standard (AS) 13 on "Accounting for Investments".
- As per management representation we have consolidated unaudited results of Overseas Subsidiary Solar Overseas Mauritius Ltd. & its fellow subsidiaries valued at historical cost basis.

## 3. Subsidiaries

The financial statements of the following subsidiary companies have been consolidated as per Accounting Standard-21 on "Consolidated Financial Statements" issued by Institute of Chartered Accountants of India.

Proportion of ownership interest (%)

Name of the Subsidiary Company	Year Ended on 31 <sup>st</sup> March, 2011
Economic Explosives Ltd	100%
Solar Mines & Minerals Ltd	51%
Solar Mining Resources Ltd	51%
Solar Overseas Mauritius Ltd	100%
Navbharat Coalfields Ltd.	74%

## 4. Uniform Accounting Policies

The consolidated financial statements have been prepared on the basis of the accounting policies adopted by the individual entities, as indicated under financial statements of respective companies.

Solar Industries India Limited and Economic Explosives Limited have been providing Depreciation in books on Straight Line Method since inception, whereas Solar Components Private Limited, a Wholly-Owned Subsidiary of Solar Industries India Limited, which have been merged with Economic Explosives Ltd. with effect from 1<sup>st</sup> April, 2009, the Appointed Date has provided Depreciation in books on Written Down Value Method since inception. Uniform accounting policy has been adopted. Due to the effect of change in accounting policy of depreciation from WDV to SLM profit has been increased by Rs. 83.38 Lacs.

## 5. Business acquisitions

During the year the Company has acquired business of Nigachem Nigeria Limited, PATSAN Pattlayici Maddeler Sanayi Ve Ticaret & ILCI Patlayici Maddeler Sanayi Ve Ticaret Anonim Sirketi. through its Subsidiary Solar Overseas Mauritius Limited.



# Notes to the Accounts

## 1. Description of Business

Solar Industries India Limited, a explosives manufacturing company together with its subsidiaries, is engaged in manufacturing in various explosives products such as Slurry & emulsion base explosives, bulk explosives, detonators, detonating fuse, PETN and accessories required for the above product.

## 2. Taxation

The Tax Calculations are as under:

- Provision is made for both current & deferred taxes. Current tax is provided on the taxable income using the applicable tax rate & tax laws.
- The Deferred tax for timing differences is accounted for using the tax rates & laws that have been enacted or substantively enacted by the balance sheet date and is accrued with Accounting Standard 22-“Accounting for taxes on income” issued by the ICAI which includes current and deferred taxes.
- Deferred tax Assets arising from timing differences are recognised only on the consideration of prudence and are reviewed at Balance Sheet date.

## 3. Effects of Consolidation:

As a result of consolidation, the following are the eliminations as a result of intra group transactions in the year ended 31<sup>st</sup> March, 2011

Amount in Rs. Lacs

Name of the Company	Sale of Goods	Purchase of Material	Services received	Services rendered	Interest received	Interest Paid	Dividend received	Dividend paid
Solar Industries India Limited	4,662.72	2,148.40	367.45	236.26	00.27		672.00	
Economic Explosives Ltd.	2,672.51	874.49	236.26	250.11				672.00
Solar Mining Resources Ltd.				117.34		00.27		
Nigachem Nigeria Ltd.		3,132.87						
Solar Explochem Zambia Ltd.		642.03						
Patsan Patlayici Maddeler Sanayi Ve Ticaret		537.44						

## 4. Minority Interest

In the calculation of minority interest in one of the subsidiary named Nigachem Nigeria Limited, the distribution of profit earned during the year has been divided as per the agreement between the Holding Company (i.e. Solar Overseas Netherlands Cooperatie U.A.) and the Minority share holders.

## 5. Goodwill

Solar Overseas Neterlands BV has acquired 54% stake in each of Patsan Patlayici Mad. San. TIC. A.S. and ILCI Patlayici Mad. San. Ve TIC.A.S. during the year and has paid for Goodwill Rs. 1,114.48 Lacs. In the Balance Sheet Rs. 327.14 Lacs has been shown as Goodwill after adjusting the Capital reserve of Rs. 787.34 Lacs.

## 6. Joint Venture

Company has made investment during FY 2008-09 in two SPV companies along with SMS Infrastructure Pvt. Ltd. to enter into Joint Venture with CMDC for mining work and separate Joint venture companies is formed in which the stake of CMDC is 51%. The stake of Solar Industries India Limited in SPV Company is as follows.

Solar Bhatgaon Ext. Mines Pvt.Ltd.	49%
SMS Bhatgaon Mines Extension Pvt.Ltd.	49%

## 7. Earnings per share

Basic earning per share has been reported as per Accounting Standards – 20 relating to “Earning per share” which have been computed by dividing net profit after tax by the weighted average No of shares outstanding for the period

	31st March, 2011
Net Profit for the year attributable to equity shareholders (Rs. in Lacs)	7,559.66
Weighted Average No of Shares (in Lacs)	173.24
Earning per Share (Rs.)	43.64

# Notes to the Accounts

## 8. Contingent Liability

	Amount in Rs. Lacs
01 In respect of counter guarantees given to Bank.	3,415.01
02 In respect of Excise matters in dispute / under Appeal	326.53
03 In respect of Sales Tax matter (Deferment)	2,076.18
04 In respect of Income Tax matters in dispute / under Appeal	18.24
05 In respect of Sales Tax matters in dispute / under Appeal	85.87

In earlier year the Company has supplied explosives to Coal India Ltd from 1<sup>st</sup> March, 2006 to 30<sup>th</sup> June, 2006 as per old rate contract rates on confirmation from Coal India Ltd that new rate contract will be issued effective from 1<sup>st</sup> March, 2006 Coal India Ltd has issued new rate contract w.e.f 29<sup>th</sup> July, 2006 without covering the period from 1<sup>st</sup> March, 2006 to 30<sup>th</sup> June, 2006. The Company has protested and now this is sub Judice at Hon. Calcutta High Court on the ground that since no rate contract has been issued for 1<sup>st</sup> March, 2006 to 30<sup>th</sup> June, 2006 so rates of old rate contract shall be applied. During the year Hon. Calcutta High Court has given an order asking Bank Guarantee against such deductions and company has submitted the same which is included in contingent liability. The court has passed an order for release of payment against Bank Guarantee till the matter is settled.

9. The previous year's figures have been regrouped / reclassified where necessary, to conform to the current year's presentation.
10. Related party disclosures required as per AS-18 on 'Related Parties disclosures' issued by the Institute of Chartered Accountants of India, are below for the year ended on 31st March, 2011

### Associates

- a) Solar Synthetics Private Limited
- b) Mahakal Infrastructures Private Limited
- c) Mahakal Project Private Limited
- d) Nagpur Infrastructure Private Limited
- e) Solar Bhatgaon Extension Mines Private Limited
- f) SMS Bhatgaon Mines Extension Private Limited
- g) Bhatgaon Extension Mines Private Limited
- h) Bhatgaon Mines Private Limited
- i) Sunbeam Explosives Limited
- j) Sunrise Explosives Limited
- k) Solar Initiating Systems Limited
- l) Madanpur North Coal Fields Limited
- m) Solar Processors Limited
- n) Commercial Sales Corporation
- o) Australian Explosive Technologies Group Pty Ltd

### Key Management Personnel

- :
- a) Shri.S.N.Nuwal
  - b) Shri K.C.Nuwal
  - c) Shri Manish Nuwal
  - d) Shri K.S. Talesra
  - e) Shri R.D.Vakil
  - f) Shri Rahul Nuwal
  - g) Shri S. V. Kannan

# Notes to the Accounts

Particulars	Amount in Rs. Lacs	
	Associates	Key Management Personnel
Sale of Goods	0.59	
Purchase of Materials	27.64	
Remuneration		563.80
Loan Given Outstanding	7,428.90	
Loan Received Outstanding	1,445.72	
Interest Received	846.95	
Interest Paid	115.72	
Purchase of Land		273.24
Balance Outstanding	-	-226.41

## 11. Segmental Information :

As regards the accounting standard 17 'Segment Reporting' there are two business segment one is manufacturing of Explosives and other is trading of Ammonium Nitrate.

Particulars	SILL Consolidated for the year ended	
	31st March, 2011	31st March, 2010
<b>1. Segment Revenue</b>		
a. Explosives	57,669.74	43,540.34
b. Trading	7,871.57	10,328.66
c. Others	2,446.67	2,177.17
<b>Total</b>	<b>67,987.98</b>	<b>56,046.17</b>
Less: Inter segment revenue	0.00	0.00
Revenue from Sales & other Income and exchange fluctuation gains	67,987.98	56,046.17
<b>2. Segment Results</b>		
Profit/(loss) (before tax and interest from each segment)		
a. Explosives	11,457.48	8,099.18
b. Trading	(35.27)	21.63
<b>Total</b>	<b>11,422.21</b>	<b>8,120.81</b>
Less:		
(i) Interest paid (net of interest received)	1,275.86	1,335.98
(ii) Other un-allocable expenditure net off un-allocable income	(2,658.87)	(2,294.01)
Total Profit Before Tax	12,805.22	9,078.84
<b>3. Capital Employed</b>		
a. Explosives	50,102.21	37,269.40
b. Trading	0.00	0.00
c. Others	0.00	0.00
<b>Total</b>	<b>50,102.21</b>	<b>37,269.40</b>

Place : Nagpur  
Date : 19th May, 2011

For **Gandhi Rathi & Co.**,  
Chartered Accountants

**C.N. Rathi**  
Partner  
M. No. 39895  
Firm Reg No. 103031W

For And On Behalf Of The Board  
**S.N.Nuwal**                      **Manish Nuwal**  
Director                                      Director

**Khushboo Pasari**  
Company Secretary

# Details of Subsidiary Companies

Name of Subsidiaries Particulars	Amount in Rs. Lacs											
	Economic Explosives Ltd	Solar Mining Resources Ltd	Solar Mines & Minerals Ltd	Navbharat Coalfields Ltd	Solar Overseas Mauritius Ltd	Solar Overseas Netherlands Cooperative U.A.	Solar Overseas Netherlands BV	Solar Overseas Singapore Pte Ltd	Nigachem Nigeria Ltd	Solar Explochem Zambia Ltd	PATSAN PATLAYICI MAD.SAN. Ve TIC.A.\$	ILCI PATLAYICI MAD.SAN. Ve TIC.A.\$
Reporting Currency	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR
Exchange Rate												
Capital	480.00	5.00	5.00	5.02	3790.15	3092.30	10.61	1.61	957.01	3.80	845.67	2309.25
Reserves	11136.44	0.00	0.00	0.00	41.59	(74.07)	1024.47	(3.81)	2072.48	937.07	124.06	(213.54)
Total Assets	13398.48	14.25	52.35	425.99	3836.98	3496.40	2840.41	180.96	3483.11	1723.76	1385.22	2095.71
Total Liabilities	13398.48	14.25	52.35	425.99	3836.98	3496.40	2840.41	180.96	3483.11	1723.76	1385.22	2095.71
Details of Investments (Except Investment in subsidiaries)	6.10	0.00	0.00	191.80	3093.91	3072.77	1716.26	176.00	0.00	0.00	73.15	0.00
Turnover	10828.24	157.88	0.00	0.00	2831.62	35.94	0.80	0.00	7182.50	1477.83	958.77	0.00
Profit before Taxation	4311.26	(2.92)	0.00	0.00	46.87	(70.70)	(3.33)	(3.81)	1597.79	182.28	38.12	(13.19)
Provision for Taxation	1449.48	0.00	0.00	0.00	1.29	0.00	0.00	0.00	508.17	0.00	9.29	0.00
Profit after Taxation	2861.78	(2.92)	0.00	0.00	45.58	(70.70)	(3.33)	(3.81)	1089.62	182.28	28.83	(13.19)
Proposed Dividend	683.61	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

The Ministry of Corporate Affairs, Government of India vide its circular no. 2/2011 dated February 8, 2011 has provided an exemption to companies from complying with Section 212, thus no prior approval is required from GOI for claiming exemption from attaching the audited accounts of the subsidiaries to this Annual Report for the financial year ended March 31, 2011.

1. M/s Solar Nitrochemicals Limited\*
2. M/s Solar Nigachem Nigeria Limited\*
3. M/s PT. Solar Mining Resources\*
4. M/s Solar Recursos Minerals LDA\*
5. M/s Solar Industrias LDA\*
6. M/s Solar Agro Florestal LDA\*
7. M/s Solar Explochem Mauritius Limited\*
8. Solar Mining Services Australia Pty Limited\*

\*Note: The Company has not subscribed to the Capital and as the Company has not commenced its business operations, financial performance is not available.

**S.N. Nuwal**  
Director

**Manish Nuwal**  
Director

**Khushboo Pasari**  
Company Secretary











**SOLAR INDUSTRIES INDIA LIMITED**

Registered Office: 11, Zade Layout, Bharat Nagar, Nagpur – 440 033

**ATTENDANCE SLIP**

Please complete this attendance slip and hand it over at the entrance of the Meeting Hall, Joint Shareholders may obtain attendance slip at the venue of the meeting.

Name and Address of the Member	Registered Folio Number	Client ID & DP ID Number	Number of Shares held

I/We hereby record my/our presence at the 16<sup>th</sup> Annual General Meeting of the Company to be held at Wednesday, 10<sup>th</sup> day of August, 2011 at Hotel Tuli Imperial, Central Bazar, Ramdaspath, Nagpur - 440 010 Maharashtra .

Signature of the Member or the Proxy Attending the Meeting

If Member, please sign here	If Proxy, please sign here

**Note:** Members are requested to bring their copies of Notice and 16<sup>th</sup>Annual Report to the Meeting as the same will not be circulated at the meeting

**SOLAR INDUSTRIES INDIA LIMITED**

Registered Office: 11, Zade Layout, Bharat Nagar, Nagpur – 440 033

**PROXY FORM**

**Folio No.** \_\_\_\_\_ **Client ID no. & DP ID no** \_\_\_\_\_

I/We \_\_\_\_\_ of \_\_\_\_\_  
\_\_\_\_\_ being Member/Members of SOLAR INDUSTRIES INDIA LIMITED, hereby  
appoint \_\_\_\_\_ of \_\_\_\_\_ or failing him/her \_\_\_\_\_  
of \_\_\_\_\_ or failing him/her \_\_\_\_\_ of \_\_\_\_\_ as my/  
our Proxy to attend and vote for me/us behalf at the 16<sup>th</sup> Annual General Meeting of the Company to be held at Wednesday, 10<sup>th</sup> day  
of August, 2011 at Central Bazar, Ramdaspath, Nagpur – 440 010 Maharashtra and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2011

Affix One  
Rupee  
Revenue  
Stamp here  
& sign

Signature of Shareholder(s)

**Note:** The Proxy form duly completed must be deposited at the Registered Office of the Company, not less than 48 hours before the time of holding the meeting. The Proxy need not be a member of the Company.



**SOLAR  
INDUSTRIES  
INDIA  
LIMITED**

**REGD. OFFICE** : 11, ZADE LAYOUT,  
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