

# EXPLOSIVE

OUR BUSINESS | OUR PERFORMANCE | OUR PROSPECTS



## Disclaimer

Statements in this report that describe the Company's objectives, projections, estimates, expectations or predictions of the future may be 'forward-looking statements' within the meaning of the applicable securities laws and regulations. The Company cautions that such statements involve risks and uncertainty and that actual results could differ materially from those expressed or implied. Important factors that could cause differences include raw materials' cost or availability, cyclical demand and pricing in the Company's principal markets, changes in government regulations, economic developments within the countries in which the Company conducts business, and other factors relating to the Company's operations, such as litigation, labour negotiations and fiscal regimes.

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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 Vakil, *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@solargroup.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 & Compensation Committee

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

## Grievance Redressal Division

investor.relations@solargroup.com

It Was The Worst Of Times And It Was The Best Of Times.  
Even As The Indian Economy Passed Through A Challenging  
Decline In Memory, Solar Industries Reported Record Results  
While Being Engaged In Servicing The Needs Of India's Core  
Sector.

Revenues Climbed 42.45% To Rs.1,031.69 Crore And Profits  
Strengthened 33.87% To Rs.101.20 Crore.



Our Business Transcends The Expected.

Our Counter-Economy Performance And Expertise  
Can Be Described In A Single Word...

# EXPLOSIVE





## Solar Industries India Limited Is The Largest Manufacturer, Supplier And Exporter Of Industrial Explosives And Initiating Systems In India.

Perfectly Positioned To Capitalise On The Growth Of The Mining And Infrastructure Sector In The Growing Economies Of The World.

### Legacy

Started as Solar Explosives in 1995 by founder Chairman Mr. Satyanarayan Nandlal Nuwal to produce cartridge explosives; the Company has been renamed as Solar Industries India Limited in 2009

### Presence

- ◆ Headquartered at Nagpur, (India) with pan-Indian offices
- ◆ Possesses 17 manufacturing facilities in India.
- ◆ A unit each in Zambia and Nigeria and construction underway in Turkey

### Certifications and accreditations

- ◆ Plants certified for ISO 9001:2000; ISO 14001:2004 and OHSAS 18001:2007
- ◆ Having 'CE' certification for most of the products for exports into the European Countries.
- ◆ Awarded by CAPEXIL for export achievements 2011

### Listing

- ◆ The Company's shares are actively traded on Bombay Stock Exchange (BSE) and National Stock Exchange
- ◆ The Company's scrip was included in the list of BSE500 index in May 2012

Product	Licensed Capacity	Application
Bulk explosives	219,340 MT	Large open cast mines of Coal, Zinc, Iron ore and Limestone
Cartridge explosives	70955 MT	Mining, underground mining, Infra-structure projects, quarrying, tunneling, Well sinking and Seismic exploration
Detonators	190 million	To initiate explosives
Detonating Fuse	75 million meters	To initiate explosives
Cast booster	1500 MT	To initiate explosives

Market capitalisation  
(Rs. crores)\*

**1,447.14**

As on March 31, 2012

Market capitalisation  
growth (%)\*

**59.45**

CAGR in last three years

Promoters'  
holding (%)

**74.91**

As on March 31, 2012

Appreciation in  
share price (%)\*

**40.19**

From April 1, 2011 to  
March 31, 2012

\*As per the quoted prices on March 31, 2012 at BSE.

# EXPLOSIVE PERFORMANCE, 2011-12

## Highlights, 2011-12

### On the shopfloor

- ◆ Increased domestic production from 1,30,086 tonnes in 2010-11 to 1,61,033 tonnes
- ◆ Stabilised operations at Zambia and Nigeria plants
- ◆ Construction of manufacturing facilities underway in Turkey
- ◆ Started trials of underground bulk explosives
- ◆ Started construction of multilayer shock tube plant

### In the marketplace

- ◆ Increased market share to 27% from 24% in last year
- ◆ Launched electronic detonators in the domestic market

### Strategic measures

- ◆ Obtained an industrial license to manufacture propellants and new generation explosives for India's Defence sector
- ◆ Received license to manufacture HMX
- ◆ Obtained approval from Chief Controller of Explosives for setting up manufacturing facilities to produce propellants and pyrotechnic devices for India's Defence sector needs





Revenue growth (%)

**42.45**

Over 2010-11

EBIDTA growth (%)

**31.56**

As on March 31, 2012

Profit before tax  
growth (%)**23.64**

Over 2010-11

Profit after tax  
growth (%)**33.87**

Over 2010-11

EPS growth (%)

**33.87**

Over 2010-11



## “THE COMPANY IS CONTINUING TO DRIVE TOPLINE GROWTH THROUGH SUCCESSFUL NEW PRODUCT DEVELOPMENT, MOVING CLOSER TO CUSTOMERS AND INCREASING FOCUS ON FAST- GROWING ECONOMIES.”

*Dear Shareholders*

I am delighted to report another year of outstanding results. Your Company reported a 42.45% growth in topline to Rs.1,031.69 crore and 33.87% increase in its bottomline to Rs.101.20 crore in 2011-12, our best performance to date.

Seventeen years on, we at Solar are excited about our business as we are sensing the opportunity in the existing market and new territories as well.

### Challenges

The year under review was marked by a number of challenges.

- ◆ The global economy deteriorated; the negative Eurozone crisis outweighing improvements in the US economy.
- ◆ The mining and quarrying sector showed weakness emanating from a combination of weak coal output growth and legal restrictions on iron ore production in some parts of the country.
- ◆ The pressure on the balance of payments (BoP) – both in relation to a larger than expected current account deficit (CAD) and lower-than-expected net capital inflows – resulted in a sizeable depreciation in the external value of the Indian rupee.
- ◆ The interest rate was raised 13 times between March 2010 and December 2011.

### Our response

Solar Industries addressed these challenges through a number of initiatives:

- ◆ The Company widened its customer base, leveraging its reputation to provide material according to schedule and

assisted customers with technical on-site assistance to maximise product utilisation.

- ◆ The Company expanded its global footprint with an export presence in 19 countries, two international manufacturing plants (soon to be followed by a third).
- ◆ The Company is continuing to drive topline growth through successful new product development, moving closer to customers and increasing focus on fast-growing economies.

### Outlook

The Indian government can express itself most powerfully through the accelerated creation of infrastructure – power, roads, railways, ocean ports, and airports. The inadequacy of infrastructure continues to act as a constraint for the expansion of economic activity across the country.

We are hopeful that the government will accelerate capacity creation in key infrastructure areas like the coal sector, to catalyse economic activity in 2012-13 (first year of the Twelfth Plan). Despite India being the third-largest producer of

coal globally, there is a growing concern related to coal deficit. The government is making rigorous efforts to enhance indigenous production; Coal India Limited, the world’s largest coal producer is looking to develop underground mines and restart abandoned mines through a joint venture with private companies. The implementation of the New Coal Distribution Policy is beginning to show a positive effect in relation to the growth of the country’s coal sector.

However, the future of the coal industry will depend on the investment and development of national infrastructure, start of private mines, pricing reforms, production growth of CIL, and structural measures to expedite the reform process.

Inadequate infrastructural development continues to curtail the expansion of India’s economy. The Government of India’s proposed an outlay of USD 1 trillion in infrastructure development in the 12th Plan covering power, mining, roads, ports and housing, presents an attractive case for the explosives industry. Further, the government plans to introduce Rajiv Awas Yojana for slum dwellers under JNNURM with an

### Our people

Solar has more than 2,500 people globally with diversified skills. The team shares an overriding commitment to put customers first through the identification and fulfillment of their needs and product creation.



estimated expenditure of Rs.50,000 crores, which again will catalyse quarrying and explosives demand.

### Optimism

The Company's order book for the first quarter of 2012-13 has been encouraging and while it is still early, we expect the year to be one of progress. In the long run, our focus on customer satisfaction, innovation, technology and widening global presence provide confidence.

We commenced commercial production in Nigeria in 2011-12. Our optimum plant utilisation in Zambia, combined with the acceptability of our products and growing demand, provides the basis to expand capacities. We are adding another 10,000 TPA bulk capacity in addition to our existing 10,000 TPA and installing 5000 TPA of cartridge unit. This will enable us to serve the mining needs of Central and East African countries. We are also working hard to commission manufacturing facility in Turkey where

construction is presently underway.

We possess a strong business model, clear strategy, robust balance sheet, talented people, and a strong product pipeline. Together, these provide us with a robust platform to enhance customer satisfaction, meet our ambitious performance targets and enhance shareholder value.

I look forward with confidence to lead Solar's continued growth towards development.

Regards,

**Satyanarayan Nuwal**  
*Chairman*

### Safety, health and environment

The management of safety, health and environment is vital to secure our existence. We have assessed the significant safety, health, and environmental hazards posed by the Company's activities, and an appropriate set of arrangements was implemented to control these hazards. The effectiveness of these arrangements is monitored and reviewed regularly and action is taken to redress any deficiencies leading to continuous improvement.

We continue to innovate in order to improve our products and processes to mitigate their effects on safety, health and the environment.

# EXPLOSIVE MEANS **INSPIRED AND INTEGRATED**

In a competitive business like explosives, the industry leader is inevitably one with the longest value chain.

Over the years, Solar Industries invested in extensive backward integration. The Company manufactures almost

all raw materials (except ammonium nitrate) used in manufacturing explosives. This integration results in better quality of our products.

Besides, the Company imports ammonium nitrate in bulk, which is consumed within and also traded.



## EXPLOSIVE MEANS **SENSING** OPPORTUNITIES

Since the Indian demand for coal reported a compounded annual growth rate (CAGR) of over 8% between FY2006 and FY2010, it would be reasonable to expect that Indian coal demand will continue to grow at around 7% per annum.

This increase in demand will be catalysed by various factors.

For instance, the installed capacity of coal-based thermal

power plants increased from 71 GW in FY2007 to 90 GW in November 2010 and is projected to reach 131 GW in FY 2012.

Besides, infrastructure investment during the 11th Plan fell short of the target by US\$ 500 billion, prompting the Indian government to increase the budget for the 12th Five-Year Plan to a projected US\$ 1 trillion.

This projected growth can only mean one thing: an increased demand for explosives in India.



## EXPLOSIVE MEANS **BEYOND** BOUNDARIES

Rather than become complacent with growing capacities within India, Solar ventured to create two greenfield manufacturing facilities in Nigeria and Zambia.

The Company has now embarked on the exercise to enhance its international capacity through a plant in Turkey.

This widening international footprint will facilitate the Company's growth.



## EXPLOSIVE OPPORTUNITY

# PROPELLING THE COMPANY INTO A NEW ORBIT

The Indian Defence sector accounted for 9% of all global weapon imports between 2006 and 2010. The result is that India is the world's largest arms buyer.

The Budget 2012-13 allocated USD 38 bn for India's Defence sector; the country intends to engage in USD 80 billion of Defence spending by 2015. The Defence Procurement Policy 2011 was revised to increase indigenous procurement from 30% to 70% over a period of time.

Solar Industries is addressing this significant opportunity by constructing Defence production facilities. Some of the key products to be manufactured will be propellants, HMX and ammonium perchlorate.

The Company has obtained approval from Chief Controller of Explosives for setting up manufacturing facilities to produce propellants and pyrotechnic devices for India's Defence sector needs.





**WHAT MAKES SOLAR  
INDUSTRIES THE  
LARGEST AND  
FASTEST-GROWING  
EXPLOSIVES  
COMPANY IN INDIA**



### Critical

The Company's products are critical to the growth of the country's core sectors like mining, infrastructure, steel, power and metal industries. As a result, the Company is integral to national progress.

### Range

The Company is among select global companies to provide a range of products – from explosives to initiating systems with state-of-the-art technologies.

### Integrated

The Company is extensively integrated; it manufactures almost all raw materials (except ammonium nitrate) required to service its product mix.

### Spread

The Company's products are marketed across more than 19 countries. Exports accounted for 11.33% of the Company's revenues and revenues from overseas operations accounted for 10.88% in 2011-12.

### Dispersed

The Company commissioned 19 (17 in India, two overseas and Turkey is under construction) manufacturing plants proximate to large consumption points.

### Trusted

The Company is a preferred supplier to the country's mining and infrastructure segments. Its clients comprise of Coal India Limited, Vedanta Group, Tata Group, Steel Authority of India Limited, and Singareni Collieries Co. Ltd, among others.

### Responsible

The Company invested substantially in safety practices and is a member of SAFEX, an International Body on Safety.

### Business model

The explosives industry is highly regulated due to high safety and security concerns.

### Liquidity

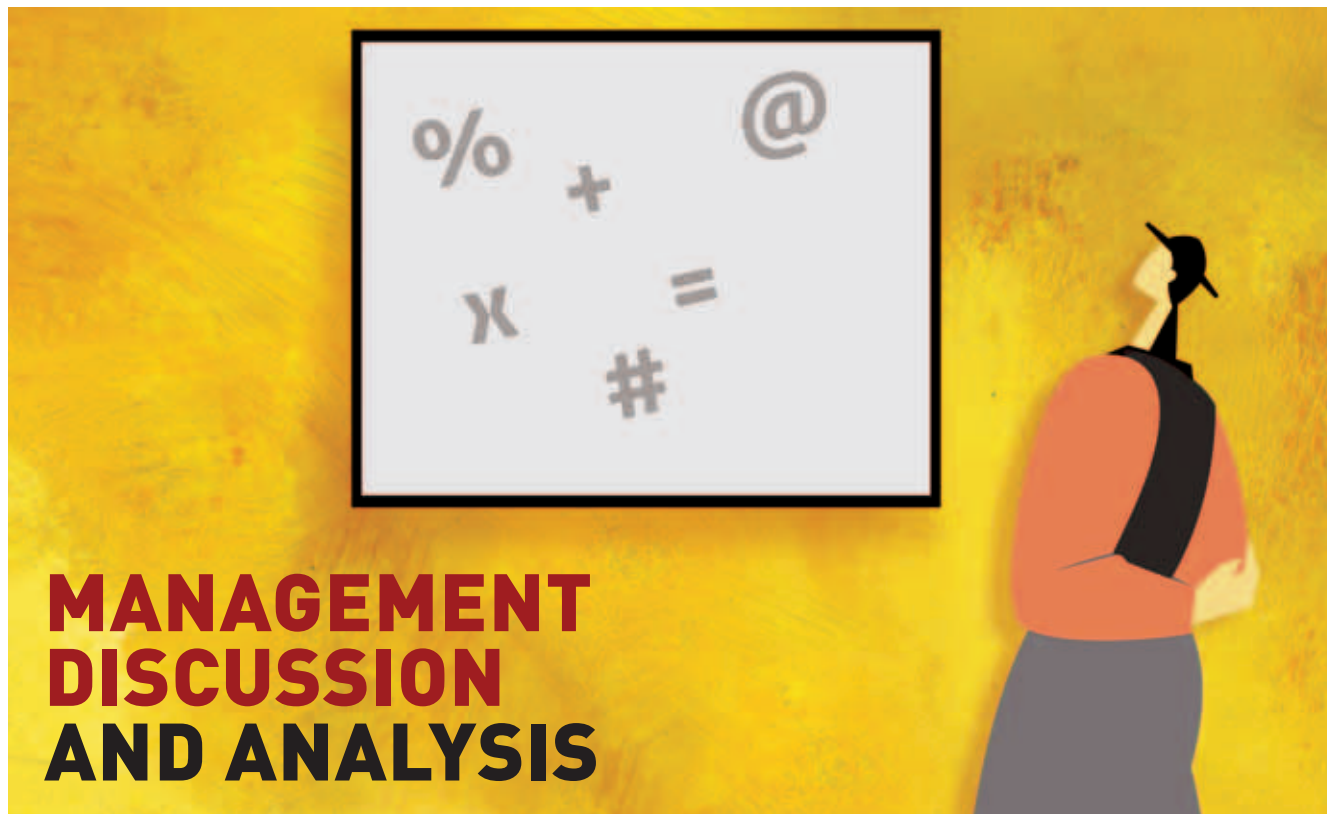
The Company enjoyed a cash profit of Rs.124.19 crore in 2011-12 with a low gearing of 0.70 as on March 2012, indicating financial soundness.

### Quality

The Company's products are preferred among end-user industries on account of its excellent quality, high-performance and adherence to stringent safety parameters.

### Team

An experienced management and workforce are integral to the Company's growth.



# MANAGEMENT DISCUSSION AND ANALYSIS

## Economic overview

India's GDP growth declined to 6.9% in 2011-12 largely on account of poor growth by its manufacturing sub-sector; seven of 22 industry groups reported negative growth between April and February 2011-12. Tardy clearances and court imposed controls continue to dampen the growth in mining sector. However, the recent statements by Hon'ble Prime Minister give hope that bottleneck would be removed and the economy would be put back on its growth path.

## Explosive industry overview

For countless years, minerals extracted from the earth have provided the raw materials with which human civilisation

has been built. Mining entails searching and extracting these minerals from the earth. The explosives are vital and indispensable to the mining of every mineral, whether it is coal, iron ore, copper, bauxite, or any other. Worldwide explosives demand is driven by economic development, energy and base mineral demand.

Today we rely on explosives more than ever, in our quest for more electrical energy, better roadways, and increased mineral harvesting. Explosives are used in mining, infrastructure projects, building demolition and constructions, and are profitable not only in saving time and costs, but also in terms of energy and the reduction of air emissions as compared to mechanical means.

## Classification of explosives

Explosives are broadly classified into 3 categories viz.

- ◆ **Packaged Explosives:** These are explosives manufactured in a plant and in the form of Cartridges varying in diameter and size depending on the blasting requirement. These are mostly used in construction sites for road building, quarrying, tunneling, small mines and seismic exploration.
- ◆ **Bulk Explosives:** These are essentially non-explosives system taken on a bulk delivery vehicle to the mines site and pumped down the bore holes as per the mining strata. It is essentially used where the scale of blasting operation is large and large quantities have to be charged per day. It is mainly used in major

opencast mines like Coal, Iron ore, Limestone, Zinc, etc.

♦ **Initiating Systems:** Initiating systems are basically detonators and boosters required to initiate either Cartridge explosives or Bulk explosives. These can be in various forms like Instantaneous Detonators, Delay Detonators, Non-Electric Detonators, Electronic Detonators and also Detonating Cords. All these are used for initiating Bulk explosives or Cartridge explosives.

### Indian explosives industry

The Indian explosives market is driven by increased spending and activity in the Indian infrastructure segment. The Indian annual market of civil explosives is around 0.7 million tonnes or Rs.2750 crores, around 5% of the global civil explosive consumption. This market is growing at around 6-7%, signifying optimism for further growth.

The Indian demand for explosives is directly proportionate to the growth in the country's coal mining, metal mining and infrastructure sectors. In India, the mining sector accounts for 80% of the demand for explosives which in turn was dominated by coal mining; around 20% of the demand for explosives in India was catalysed by the infrastructure sector. Packaged explosives accounted for 35% share of the industry's offtake.

### Downstream users

**Coal:** The Indian coal industry is the fourth-largest in terms of coal reserves and third-largest in terms of coal

production globally and contributes 7.9% to the global production. Coal was recognised as the most important source of energy for electricity generation. Industries such as steel, cement, fertilisers and chemicals are major coal consumers. Nearly 85% of India's coal is produced by Coal India Limited (CIL), the world largest coal mining company, running around 465 mines in India, with an annual consumption of around 60% of the total quantity of explosives produced in India. Around 55% of energy production in India stems from coal, compared with around 3% from nuclear energy. Around 75% of total coal stock is consumed by the energy sector. The target coal production for 2011-12 was 554.00 MT, of which 539.99 MT could be achieved. The target for 2012-13 is 584 MT. The demand for coal is rising, fuelled by a growth in coal-based power capacity.

**Power:** India accounts for 4% of global power generation with the fifth-largest generation capacity in the world. India's total installed generation capacity as on September 20, 2011 was 182,344.62 MW, thermal power contributing 65% of the total capacity. The Power Ministry set a target to add 76,000 MW of electricity capacity in the 12th Five-Year Plan (2012-17) and 93,000 MW in the 13th Five-Year Plan (2017-2022).

**Metal mining:** India is adequately rich in mineral resources, well dispersed and comprising diverse varieties. India produces 87 minerals, which include four fuel minerals, 10 metallic, 47 non-metallic, three atomic and 23 minor

minerals. During 2011-12, the estimated production value of metallic minerals accounted for Rs.41,954.50 crore or 19.94% of the total value. In 2011-12, the mining and quarrying sector accounted for about 2.63% of GDP at current prices (*Source: Ministry of Mines*).

**Cement:** India is the second-largest cement producer in the world. The industry occupies an important place in the Indian economy because of its strong linkages to other sectors such as construction, transportation, coal and power. The cement industry in India comprises of 139 large cement plants and over 365 mini-cement plants. India's cement industry performed better in 2011-12 (FY12), on the back of robust demand revival in the second half of the financial year. The 330 MT capacity industry grew 6.4% in 2011-12 as against less than 5% in 2010-11. It is anticipated that the country's cement production will grow at a compound annual growth rate (CAGR) of around 12% in 2011-12 to 2013-14 to reach 303 MMT. This will catalyse limestone mining and the demand for explosives.

**Road construction:** India has the world's second-largest road system comprising 41,00,000 km. Although National Highways constitute only about 1.7% of the road network, they carry 40% of the total road traffic. According to estimates, India's road sector in India will require investments in the range of US\$ 75-90 billion over the next five years. India's construction sector is expected to grow at about 35% between 2008-09 and

THE INDIAN DEMAND  
FOR EXPLOSIVES IS  
DIRECTLY  
PROPORTIONATE TO  
THE GROWTH IN THE  
COUNTRY'S COAL  
MINING, METAL  
MINING AND  
INFRASTRUCTURE  
SECTORS.

2012-13. The private sector is expected to contribute 44% of the total projected spend of US\$ 100 billion in roads and highways over the Twelfth Five-Year Plan (Source: *Union Budget – 2012-13*). The Indian government launched the ambitious National Highway Development Programme (NHDP) involving a total investment of USD 60 billion on concessions/contracts to be awarded by 2012. Over the next three years, it is proposed to take up new sections of about 25,000 km through a combination of Public Private Partnership and Engineering Procurement and Construction (Source: *Union Budget – 2012-13*).

**Steel:** India produced 74 MT of crude steel in 2011-12 at a average capacity utilisation of 89% in 2011-12 against 95% in 2010-11, in accordance with the economic growth of the country. India, with a per capita of 59 kgs, is just above the average across most of Africa and significantly lower than the per capita consumption of Malaysia, Thailand, China and Vietnam.

The steel industry feeds the needs of the country's infrastructure, construction, automobile, transportation and industrial sectors. Estimates suggest that the finished steel consumption will grow at a CAGR of around 12% during FY 2012 - FY 2014. Indian steel producers signed 222 memorandum of understanding (MoUs) with state governments for a planned capacity addition of about 275.73 million tonnes (MT) by 2020.

The Union Budget 2012-13 proposed a reduction in basic customs duty on plant and machinery imported for setting up or

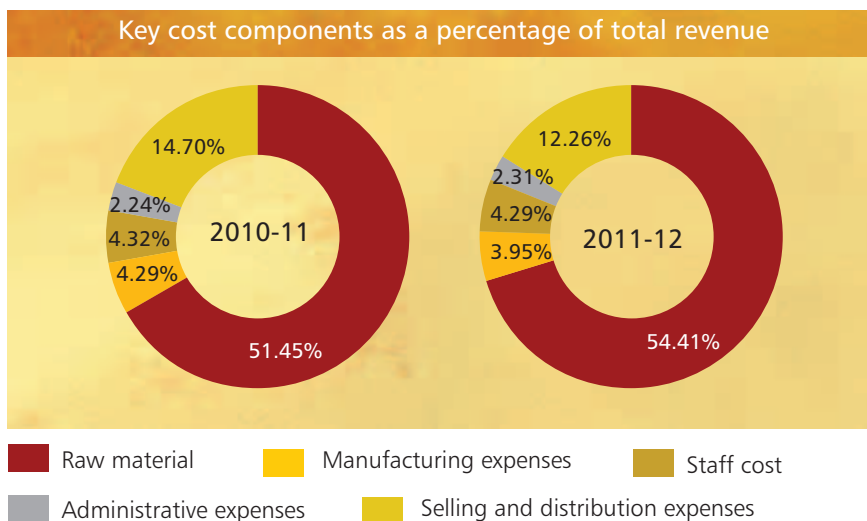
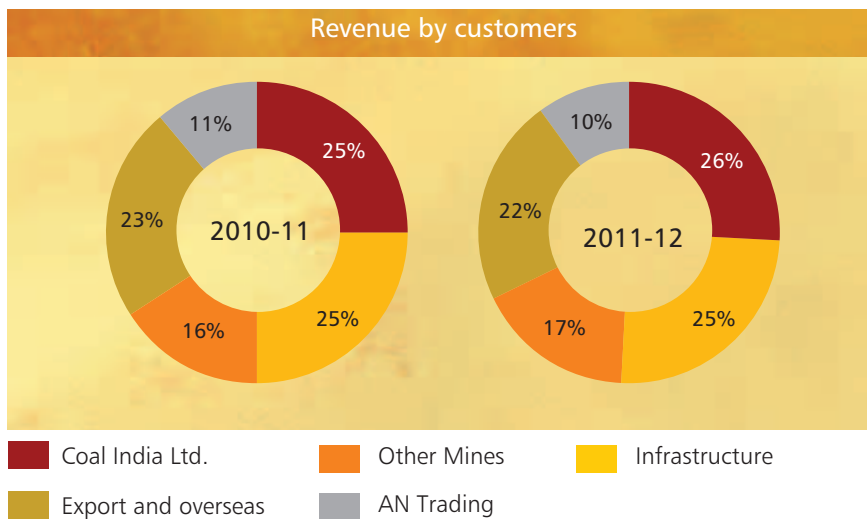
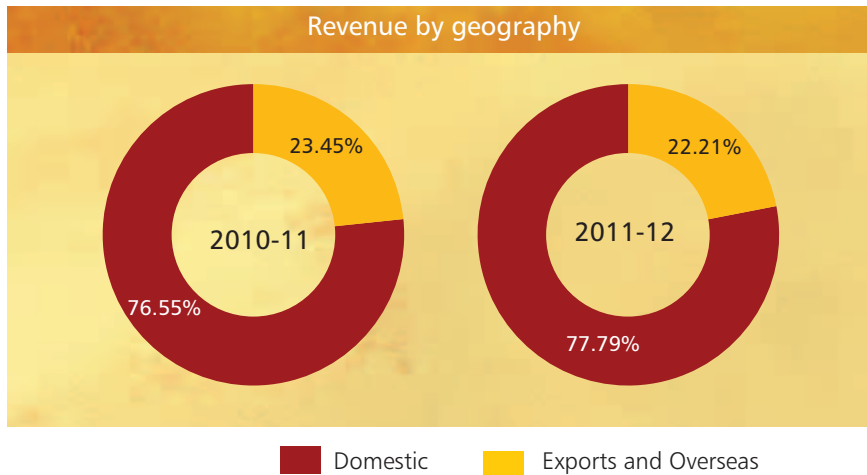
substantial expansion of iron ore pellet plants or iron-ore beneficiation plants from 7.5% to 2.5%. This will lead to a rise in iron ore mining. Similarly, growth in the production of zinc, lead, bauxite and other minerals is also expected, catalysing the demand for explosives.

The Indian steel sector will add 23 MT capacity largely through brownfield expansions, raising the total capacity to 105 MT. By 2013-14, India is projected to emerge as the world's third-largest producer of crude steel.

### Brief analysis of the financial statements

- ◆ Gross income grew 42.45% from Rs.72,426.26 lacs to Rs.1,03,169.44 lacs
- ◆ EBDITA surged 31.56% from Rs.14,797.95 lacs to Rs.19,468.09 lacs
- ◆ Net profit strengthened 33.87% from Rs.75.59 crores to Rs.101.20 crores
- ◆ EPS increased 33.87% from Rs.43.64 to Rs.58.42

## Revenue analysis



## 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 the 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 conduct internal audit of operations, establishments, and stockyards quarterly. The Audit Committee reviews the reports of Internal Auditors and monitors effectiveness and operational efficiency of internal control systems. The Audit Committee gives 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 the Audit Committee and audit is conducted in accordance with this plan.

Your Company has implemented ERP (SAP version number ECC6.0 to EHP5) system which helps business activities such as material management, finance, payroll and sales and distribution.

# ASSESSING RISKS. MITIGATING ACTIONS.

## INDUSTRY RISK

A slowdown in various downstream industries can stagger the Company's business.

### Mitigation

The Company's products are used in core industries. Even a marginal growth in core industries will result in appreciable demand growth for explosives keeping in mind its critical product use. The reforms in economic policies by the government and the ambitious targets set for coal mining and infrastructure will catalyse growth of the explosives sector in India.

## COMPETITION RISK

Even though India is only the world's eighth-largest explosive manufacturer, it has the largest number of players (around 30), increasing competition.

### Mitigation

The Company is the market leader in the explosives sector in India, and have increased its market share from 10% in 2006 to 27% in 2011-12 in this fierce competition. The Company will continue being customer focused by providing quality products backed by high class after sale services.

## RAW MATERIAL RISK

Volatility in prices

### Mitigation

The Company tries to enter into contracts with its Institutional/ Large customers with built-in escalation clause which takes care of Raw Material price volatility to a great extent.

## GEOGRAPHICAL RISK

Over- dependence on a specific region could substantially affect the turnover of the Company.

### Mitigation

The Company is the market leader within India. It is also the largest exporter of Explosives and Initiating Systems from India and is trying to increase its reach in different countries. The Company has set up two overseas manufacturing plants and is taking efforts to set up more in near future. This reduces over dependency on a specific region.



## CONCENTRATION RISK

An excessive dependence on a few downstream sectors and Coal India Limited (CIL) could affect the Company in the event of a slowdown in those segments.

### Mitigation

The Company has reduced its over dependency on Coal India Limited, though retained its leadership position by spreading its markets to other segments. The share of CIL in our total revenue has come down from 58% in 2006-07 to 26% in 2011-12.

## HAZARDOUS RISK

The Company's business is prone to accidents and requires a high level of safety.

### Mitigation

The Company is a member of SAFEX, an international apex body governing safety standards of the explosives industry. The Company engages in safety modules and practices to strengthen safety standards. During 2011-12, the Company invested in 4,162 person-hours of training for its supervisors and 7,938 person-hours of training for operators.

## LOCATION RISK

Manufacturing sensitive and hazardous products pose a transportation risk.

### Mitigation

The Company's manufacturing facilities are spread over 19 different locations in proximity to major consuming centers, thus reducing the risks of transport disruption.

## CURRENCY RISK

Our Company is under currency risk due to import of our major raw material Ammonium Nitrate.

### Mitigation

The Company has significant exports which act as natural hedge. However, as a policy the excess of imports over exports is appropriately covered as per the advice of External Consultants and Treasury Team of Bankers. However, the Company is exposed by the sudden unpredictable movement of rupee either ways to a large extent

# BOARD OF DIRECTORS



Mr. Satyanarayan Nuwal



Mr. Kailashchandra Nuwal



Mr. Manish Nuwal



Mr. Kundan Singh Talesra



Mr. Roomie Dara Vakil



# STATUTORY SECTION

# NOTICE

## CALLING ANNUAL GENERAL MEETING

Notice is hereby given that the 17th Annual General Meeting of the members of the Company will be held on Saturday, August 11, 2012 at 12.30 PM at Hotel Tuli Imperial, Central Bazar, Ramdaspath, Nagpur – 440 010, Maharashtra to discuss the following business:

### Ordinary Business:

#### Item No. 1

To receive, consider and adopt the Balance Sheet as at March 31, 2012 and the Profit and Loss Account of the Company for the year ended on that date along with the Reports of the Directors' and Auditors' thereon.

#### Item No. 2

To declare dividend on the equity shares for the financial year 2011–12.

#### Item No. 3

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

#### Item No. 4

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

#### Item No. 5

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

#### Item No. 6

To appoint a Director in place of Shri Anand Kumar, 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.”

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: May 25, 2012

### NOTES:

1. An explanatory statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of the ordinary 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 August 3, 2012 to August 11, 2012 (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 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 August 18, 2012 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 August 2, 2012.

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 August 2, 2012.

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 properly conducting 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: May 25, 2012

### Invitation to participate in the Green Initiative launched by the Ministry of Corporate Affairs

The Ministry of Corporate Affairs (MCA) has permitted paperless compliances by the Companies; vide its circulars No. 17/2011 and No. 18/2011 dated April 21, 2011 and April 29, 2011 respectively. MCA has clarified that services of documents on Members by e-mail will constitute sufficient compliances with Section 53 of the Companies Act, 1956, provided the Members are given an advance opportunity to register their Email address or changes, if any, therein with the Company.

Pursuant thereto, we once again invite those members who have not registered their e-mail address to participate in the Green Initiative by registering their e-mail address with the Company for the purpose of service of documents namely Annual Report, Notice of General Meetings, etc. by e-mail.

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

### Item No. 3, 4, 5 and 6.

Details of Directors seeking re-appointment at the 17th Annual General Meeting.

As regards re-appointment of retiring Directors namely Shri Dilip Patel, Shri Satish Chander Gupta, Shri Ajai Nigam and Shri Anand Kumar and referred to in item numbers 3, 4, 5 and 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.

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: May 25, 2012

# DIRECTOR'S REPORT



To,  
The Members;  
Solar Industries India Limited;

We take pleasure in presenting 17th Annual Report of the Company together with the Annual Accounts (Standalone & Consolidated) for the year ended March 31, 2012.

## Performance Highlights (Stand Alone):

(Rs. in lacs)

Particulars	2012	2011
Gross Turnover	77820.87	57046.61
Less : Excise Duty	5446.16	3646.01
<b>Net Turnover</b>	<b>72374.71</b>	<b>53400.60</b>
Profit Before Interest, Depreciation And Taxation	11046.61	9379.31
Less : Depreciation	804.77	663.55
Profit before interest and taxation	10241.84	8715.76
Less : Interest	2008.81	1144.97
<b>Profit before tax and exceptional item</b>	<b>8233.03</b>	<b>7570.79</b>
Less : Exceptional item	315.04	–
<b>Profit before tax</b>	<b>7917.99</b>	<b>7570.79</b>
Less : Provision For Taxation	1829.39	2541.44
<b>Net profit after tax</b>	<b>6088.60</b>	<b>5029.35</b>
Balance brought forward	6644.41	4619.53
Balance available for appropriation	12733.01	9648.88
<b>Appropriation:</b>		
Interim dividend	866.19	692.95
Proposed dividend	866.19	692.95
Tax on dividend	144.77	118.57
General reserve	2000.00	1500.00
Balance profit carried to balance sheet	8855.86	6644.41
<b>Earning per share (Eps)</b>	<b>35.15</b>	<b>29.03</b>

**Performance Highlights (Consolidated):**

(Rs. in lacs)

Particulars	2012	2011
<b>Gross Turnover</b>	103169.43	72426.26
Less : Excise Duty	6411.94	4340.73
<b>Net Turnover</b>	96757.49	68085.53
Profit before interest, depreciation and taxation	19468.10	14797.95
Less : Depreciation	1278.14	766.21
Profit before interest and taxation	18189.96	14031.75
Less : Interest	2357.58	1266.53
<b>Profit before tax and exceptional item</b>	<b>15832.38</b>	<b>12805.22</b>
Less : Exceptional item	436.58	-
<b>Profit before tax</b>	<b>15395.80</b>	<b>12805.22</b>
Less provision for taxation	4254.51	4509.68
<b>Net profit after tax</b>	<b>11141.29</b>	<b>8295.54</b>
Share of profit transfer to minority	1020.94	735.88
Stock reserve	175.94	-
Balance brought forward	11401.31	8457.74
Balance available for appropriation	21697.60	16017.39
<b>Appropriation:</b>		
Interim dividend	866.19	692.95
Proposed dividend	866.19	692.95
Tax on dividend	281.04	230.18
General reserve	4000.00	3000.00
Balance profit carried to balance sheet	15684.18	11401.31
Profit & Loss of Solar Capitals Limited	-	1106.03
<b>Earning per share (EPS)</b>	<b>58.42</b>	<b>43.64</b>

**Year in Retrospect:****Standalone Performance**

- ◆ The total revenue of the Company for fiscal year 2012 stood at Rs.77,820.87 lacs as against Rs.57,046.61 lacs for fiscal year 2011 showing an increase of 36.42%.
- ◆ The EBIDTA increased by 17.78% from Rs.9,379.31 lacs in fiscal year 2011 to Rs.11,046.61 lacs in fiscal year 2012.
- ◆ Profit after tax witnessed a growth of 21.06% from Rs.5,029.35 lacs in fiscal year 2011 to Rs.6,088.60 lacs in fiscal year 2012.
- ◆ The net worth of the Company increased from Rs.22,756.90 lacs at the end of fiscal year 2011 to Rs.26,968.35 lacs at the end of fiscal year 2012.

**Consolidated Performance**

- ◆ The total revenue of the Company for fiscal year 2012 stood at Rs.1,03,169.43 lacs as against Rs.72,426.26 lacs for fiscal year 2011 showing an increase of 42.45%.
- ◆ The EBIDTA increased by 31.56% from Rs.14,797.95 lacs in fiscal year 2011 to Rs.19468.10 lacs in fiscal year 2012.
- ◆ Profit after tax witnessed a growth of 33.87% from Rs.7,559.66 lacs in fiscal year 2011 to Rs.10,120.35 lacs in fiscal year 2012.
- ◆ The net worth of the Company increased from Rs.31,603.96 lacs at the end of fiscal year 2011 to Rs.40,460.01 lacs at the end of fiscal year 2012.

## Appropriations:

### Dividend:

Summary of final dividend declared by the Company in the year 2011 and recommended for the year 2012 are given below:

(Rs. in lacs)

Final Dividend for the Year	Rate of Dividend	Amount of Dividend	Dividend Distribution tax	Total Outflow
2011	40%	692.95	115.09	808.04
2012 (if approved by members)	50%	866.19	140.52	1006.71

Your Director pleased to recommend a final Dividend of Rs.5 per Equity Share of Rs.10 each. The Company had distributed an Interim Dividend of Rs.5 per Equity share in the month of November, 2011. The total dividend for the year ended on March 31, 2012 would accordingly be Rs.10 per Equity share (100% of face value) as against the total dividend of Rs.8 per Equity share (80% of face value) for the year ended on March 31, 2011. The total outgo due to Interim Dividend of the Company was Rs.1006.71 lacs, including dividend distribution tax as against Rs.808.04 lacs in the previous year. The Dividend payout Ratio of your Company is 19.89%.

### Transfers to Reserves:

We propose to transfer Rs.4000 lacs (40% of net profit for the year) to the general reserve. An amount of Rs.15684.18 Lacs is proposed to be retained in the Profit & Loss account.

### Credit Ratings:

CRISIL has reaffirmed its ratings of AA-/Positive (Outlook Revised from 'Stable') to the various bank facilities of Solar Industries India Ltd (SIIL). The ratings reflect SIIL'S strong market position, good operating efficiency (backed by prudent raw material procurement policies and backward integration), and strong debt protection measures. To arrive at its ratings, CRISIL has combined SIIL'S financial and business profiles with those of its subsidiaries.

In addition to long-term rating, CRISIL has also assigned A1+ (Reaffirmed) rating to SIIL for short-term borrowing.

### Directors:

#### Director's Retiring by Rotation

As per Section 256 of Companies Act, 1956 and provisions contained in Articles of Association of the Company provide, that at least two-third of our Directors shall be retiring 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. Shri Satish Chander

Gupta, Shri Dilip Patel, Shri Ajai Nigam and Shri Anand Kumar, retire by rotation and being eligible offer themselves for re-appointment at this Annual General Meeting. Board of Directors have recommended their re-appointment for consideration of the shareholders.

### Auditors and their Observations

M/s Gandhi Rathi & Co. Chartered Accountants, Statutory Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received letters from the Auditors to the effect that their re-appointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for re-appointment within the meaning of Section 226 of the said Act.

The Notes on Financial Statements referred to in the Auditors' Report are self-explanatory and 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.

### Incorporation of Step down Subsidiaries:-

During the year under review following step down Subsidiary Company was incorporated through our step down subsidiary Solar Overseas Netherlands B.V.:

- ◆ Solar Explochem (Ghana) Limited

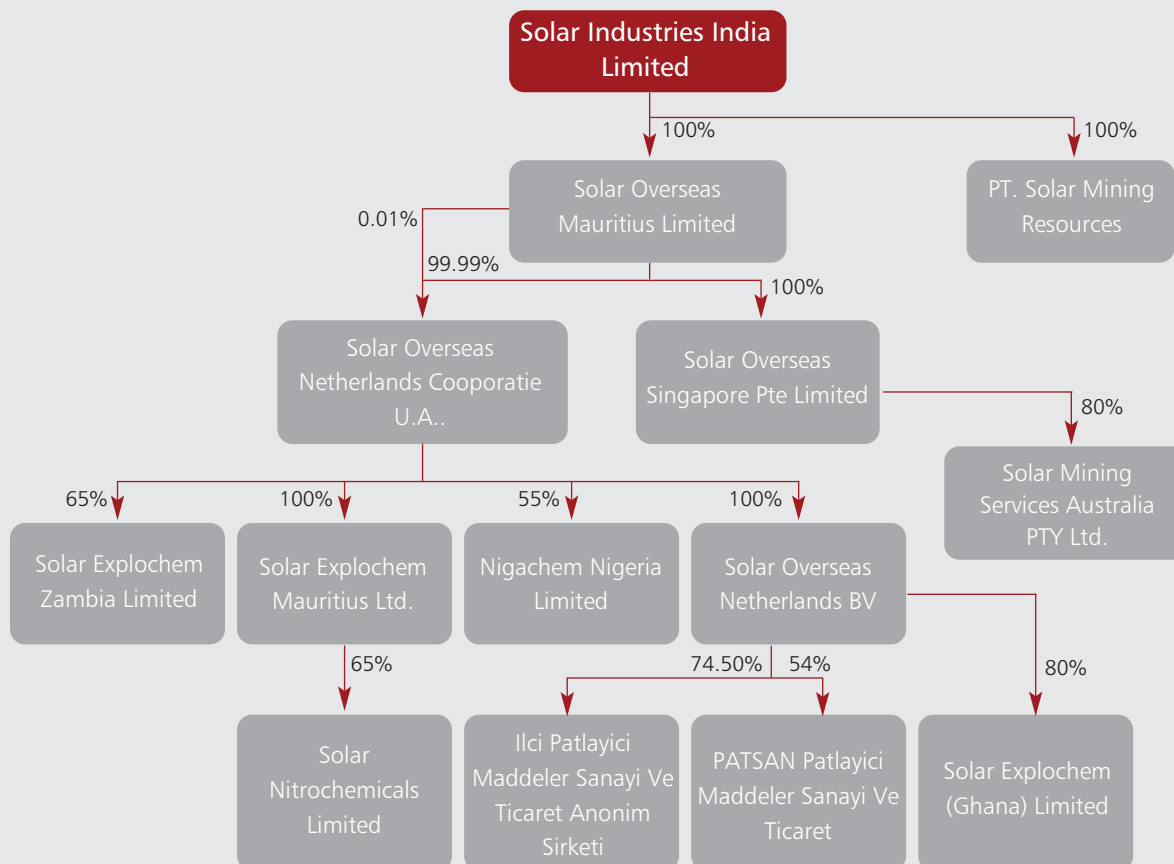
### Acquisitions:-

During the year under review Solar Industries India Limited has increased its holding from 51% to 100% in Solar Mining Resources Limited.

In the year under review Solar Industries India Limited through its step down subsidiary Solar Overseas Netherlands B.V. has increased its stake from 54% to 74.50% in Ilci Patlayici Maddeler Sanayi Ve Ticaret Anonim Sirketi (ILCI).

During the year under review, Company's step down subsidiary, Nigachem Nigeria Limited has allotted 90,909,091 additional shares to Nigerian Shareholders. This additional allotment has reduced the stake of Solar Overseas Netherlands Cooperatie U.A. from 70% to 55%.

### Current Holding structure of Solar Industries India Limited



### Subsidiaries Financial Statement

The Ministry of Corporate Affairs, Government of India, vide General Circular No. 2 and 3 dated February 8, 2011 and February 21, 2011 respectively has granted a general exemption from compliance with section 212 of the Companies Act, 1956, subject to fulfillment of conditions stipulated in the circular. The Company has satisfied the conditions stipulated in the circular and hence is entitled to the exemption. Necessary information relating to the subsidiaries has been included in the Consolidated Financial Statements.

The Company will make available the annual accounts of the subsidiary companies and the related detailed information to any member of the Company who may be interested in obtaining the same. The annual accounts of the subsidiary companies will also be kept open for inspection at the Registered Office of the Company and that of the respective subsidiary companies. The Consolidated Financial Statements presented by the Company include the financial results of its subsidiary companies.

### Solar's Corporate Governance Philosophy:

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 to suit the changing 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's Discussion and Analysis on Company's performance, industry trends, future outlook and other material changes with respect to the Company and its subsidiaries, wherever applicable, are presented in this annual report as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange(s) in India.

### CEO/CFO Certification:

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

Pursuant to Notification dated February 28, 2011 issued by the Ministry of Corporate Affairs, the format for disclosure of financial statement prescribed under Schedule VI to the Companies Act, 1956 has been substantially revised. The financial results of the Company for the year ended March 31, 2012 have therefore been disclosed as per the revised Schedule VI. Previous year's figures have also been restated to confirm with the current year's presentation.

### 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 Board of Directors of your Company at its meeting held on May 25, 2012, approved the Audited Consolidated Financial Statements for the financial year 2011-12 and its subsidiaries in accordance with Clause 32 of Listing Agreement with the stock exchanges and Accounting Standard (AS-21) and other Accounting Standards issued by the Institute of Chartered Accountants of India. The Consolidated Financial Statements of your Company for the financial year 2011-12, are prepared in compliance with applicable Accounting Standards based on management's estimates, assumptions and judgments where applicable as well as Listing Agreement as prescribed by the Securities and Exchange Board of India.

The Company has built adequate systems of internal controls aimed at achieving efficiency in operations, optimum utilisation of resources, effective monitoring and compliance with all applicable laws.



The internal audit function monitors the effectiveness of controls, and also provides an independent and objective assessment of the overall governance processes in the Company, including the application of a systematic risk management framework. The Audit Committee of the Board reviews major internal audit reports as well as the adequacy of internal controls.

### **Solar's Employee Stock Option Plan:**

Shareholders have approved Employees Stock Option Scheme in December, 2011. A few options granted in December, 2011 have been technically surrendered and thus as at the end of the year, no option is outstanding.

### **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 March 31, 2012, the applicable Accounting Standards had been followed without any 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 March 31, 2012 have been prepared on a going concern basis.

### **Appreciation and Acknowledgement**

Your Directors take this opportunity to thank the customers, shareholders, suppliers, bankers, business partners/associates, financial institutions, stock exchanges and Central and State Governments for their consistent support and encouragement.

The Board places on record their appreciation for the support and co-operation that your Company has been receiving from its suppliers, business partners and others associated with the Company as its trading partners. Your Company looks upon them as partners in its progress and has shared with them the rewards of growth. It will be Company's endeavour to build and nurture strong links with mutually beneficial trade based on, respect to and co-operation with each other, consistent with consumer interests.

I am sure you will join our Directors in conveying sincere appreciation to all employees of the Company at all levels for their hard work and commitment and dedication. The enthusiasm and unstinting efforts of the employees have enabled the Company to remain at the forefront of the industry.

For and on behalf of the Board

Place : Nagpur

(Satyanarayan Nuwal)

Date : May 25, 2012

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

The Company has a policy to conserve energy and natural resources to the fullest extent. Plants are certified for ISO 14000 and 18000 which help us in meeting our policy of protecting environment and natural resources.

The Company has taken actions like, installing highly efficient dynamic water cooled grate boiler, installing condensate recovery system, installing screw compressors by replacing reciprocating compressors, reusing water coming out for horticulture after necessary treatment, running water pumps at night as much as possible, etc.

These steps have resulted not only in conserving natural resources but also in reducing our running costs of the operations.

#### Form For Disclosure of Particulars with Respect to Form 'A' Conservation of Energy.

	Current Year
<b>1. Power and Fuel Consumption</b>	
Electricity	
(a) Purchase unit (in Kwh.)	5432460 Units
Total amount (in Rs.)	34802134
Rate/Unit (in per Kwh.)	6.41Per unit
(b) Own Generation	
(i) Through diesel generator (in Kwh)	327437 Units
Total amount (in Rs.)	3624736
Average rate	11.07 per unit
(ii) Through steam turbine/Generator unit Units/Litre of fuel/Oil and Gas Cost/Unit	N.A.
<b>2. Coal/Solid Fuel</b>	
Quantity M.T.	7442.176
Total cost	31219277
Average rate/ MT.	4194.91
<b>3. Furnace Oil</b>	
Quantity (LTR).	98220
Total cost	3922142.26
Average rate/ (LTR).	39.93

## Form 'B'

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

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

- ◆ Our R&D activities run parallel to the activities in our principal areas of operation.
- ◆ Analyzing Chemical formulations and process validation where substantial study of the manufacturing process has been undertaken specially in the field of Emulsion based Packaged & Bulk Explosives.
- ◆ Developing bulk delivery systems for use in different types of tunneling and underground operations.
- ◆ Developing Electronic Detonator.
- ◆ Developing Specialty Chemicals.
- ◆ Analyzing processes in the field of Emulsion as well as PETN based boosters.

## (b) Benefits derived as a result of above:

- ◆ R&D has benefitted the company in further refinement of Emulsion Based Explosives.
- ◆ Company has introduced Underground Bulk Explosives in the market, which is totally new kind of application.
- ◆ R&D helped company in doing backward integration in Detonators area.
- ◆ Introduced value added products like dust suppressor and emulsifiers on commercial basis.
- ◆ Improved safety compliance and enhanced environment protection.
- ◆ Modification of existing process for some of the products and savings in cost of production.

## (c) Future plan of action:

- ◆ Commercialization of newly developed products.
- ◆ Process modification for future improvements.
- ◆ Reviewing packaging standards looking at international markets.
- ◆ Designing new delivery systems for Bulk Explosives.
- ◆ Improving value added products in Specialty Chemicals area.
- ◆ Develop products for different application in Defence sector.
- ◆ Develop chemicals to remove hazardous chemicals in processes.

## (d) Expenditure on R&amp;D: (Rs. in Lacs)

i. Capital	: 567.97
ii. Recurring	: 153.91
<b>Total</b>	<b>721.88</b>
iii. R&D Expenditure percentage of Turnover	: 1%

## 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 seeks advice of experts from India as well as overseas. The Company is not dependent on any foreign Technology as of now.

**Benefits** - Product quality improvement, reduction of production losses, better lean planning, production flexibility and reduction on carrying costs.

## C. Foreign Exchange Earnings and Outgo:

## (a) Earnings in foreign exchange (Rs. in Lacs)

Export of goods calculated on FOB basis	5610.10
(CIF basis value)	7804.87
On Account Commission	

## (b) Remittances in foreign exchange:

On account of Bank Interest	708.36
On account of Sales Commission	113.86
On account of Ocean Freight	1582.87
On account of Sales Promotion	152.05
On account of Other Expenses	310.83

# CORPORATE GOVERNANCE

## Introduction:

Report for the financial year ended March 31, 2012 on the compliance by the Company with the Corporate Governance requirements under Clause 49 of the Listing Agreement, is furnished below.

Corporate Governance provides the guidelines as to how the Company can be directed or controlled such that it can fulfill its goals and objectives in a manner that adds to the value of the Company and is also beneficial for all stakeholders in the long-term. Stakeholders in this case would include everyone ranging from the board of directors, management, shareholders to customers, employees and society. The management of the Company hence assumes the role of a trustee for all the others.

Corporate Governance is based on principles such as conducting the business with all integrity and fairness, being transparent with regard to all transactions, making all the necessary disclosures, complying with all the laws, accountability and responsibility towards the stakeholders and commitment to conducting business in an ethical manner

## Corporate Governance In Solar Industries:

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 namely ethical practices, concern for people at work, delight of customers and striving to meet the stakeholder's expectations. The focussed 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 involves ensuring:

- ◆ Appropriate composition and size of the Board, with each Director bringing in key expertise in different areas.
- ◆ Pro-active 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 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 March 31, 2012 is as follows:

Category	Number of Directors	Percentage
Executive Directors	05	50%
Non-Executive/ Independent Directors	05	50%
<b>Total</b>	<b>10</b>	<b>100%</b>

## Particulars of Directors Proposed For Re-Appointment:

In terms of Articles of Association of the Company and the relevant provisions of Companies Act, 1956 Shri Dilip Patel, Shri Satish Chander Gupta, Shri Ajai Nigam Shri Anand Kumar, 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:

**Mr. Dilip Patel**, aged 65 years, is a chemical engineer from IIT Kanpur, and has done his Master's in Financial Management. He has working experience of over 30 years including with SICOM. He is presently engaged as Management Consultant with several companies in enhancing operating performance of companies, both in Manufacturing and services sector.

He is Director in Eurotex Industries & Exports Limited, Malladi Drugs & Pharmaceuticals Limited, Godavari Drugs Limited, Polyset Plastics Private Limited, Celestlal Biotech Limited and Minex Metallurgical Company Limited. Relcon Infraprojects Limited.

**Mr. Satish Chander Gupta**, aged 65 years is M.Com and CAIIB and former Chairman and Managing Director of Punjab National Bank. He has been a career banker and has put in 41 years of banking service before attaining superannuation on May 31, 2007. His specialisation is credit and manpower management. In his career as a banker, he has worked as Credit Officer, Branch Manager, Regional Head, General Manager in-charge of the operations, and later as Executive Director and Chairman For Indian Overseas Bank and Punjab National Bank. He headed the largest nationalised bank which is a high point of his career.

In the course of his earlier assignments, deployment of funds to SME and large corporates was the core area of his operations. In IOB and PNB, he handled treasury operations as well apart from corporate planning and manpower management.

He is Director of ISMT Limited, Emmons International Limited, Sagacious Financial Services Limited, SMC Wealth Management Services Limited, Kordia IT Limited, Brhamaputra Infrastructure Limited and Brhamaputra Infrastructure Projects Limited

**Mr. Ajai Nigam**, aged 63 years, is M.Sc. (Chemical Engineering) and L.L.B. He retired as Chief Controller of India, Government of India, Petroleum & Explosives Safety Organisation (PESO) Nagpur. He has 34 years of experience in the Department in various capacities. He was also associated with various development activities of PESO including establishment of Fireworks Research & Development Centre at Sivakasi and revamping of the old website of PESO. He held the charge of Explosives Testing Station at Gondkhieri, Nagpur from 1992 to 1994. During that period four laboratories were established at the station and made functional. He acted as a chairman of various Technical Committees of Government of India and also presented 16 papers in various National/International forums. He has visited USA, UK, Sweden and Germany on important government assignments.

**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. He has over 36 years of rich experience 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 and execution of integrated operations of refineries and pipelines, technology identification, its evaluation, selection, project execution and commissioning among others. Other areas of his specialisation include 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.

### Information Supplied to the Board Members:

SILL's Board of Directors plays 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 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 at least 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 year 2011-12, the Board of Directors met five times i.e. on May 19, 2011, July 27, 2011, August 31, 2011, November 11, 2011 and February 9, 2012. The gap between any two meetings has been less than four months.

## Attendance Record Of Directors:

Table 1 : Composition of the Board and attendance records of Directors for 2011-2012

Name of the Director	Category	Attendance at	
		Board Meeting	Last AGM
Satyanarayan Nuwal	Chairman and Executive Director	4/5	Yes
Kailashchandra Nuwal	Executive Director	4/5	–
Kundan Singh Talesra	Executive Director	5/5	Yes
Roomie Dara Vakil	Executive Director	4/5	–
Manish Nuwal	Executive Director	5/5	Yes
Anant Sagar Awasthi	Non-Executive Independent Director	5/5	Yes
Dilip Patel	Non-Executive Independent Director	5/5	–
Satish Chander Gupta	Non-Executive Independent Director	3/5	–
Ajai Nigam	Non-Executive Independent Director	4/5	Yes
Anand Kumar	Non-Executive Independent Director	2/5	---

## 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 March 31, 2012**

Name of Director	Category	Number of Directorships (including SILL)	Chairmanship in committees of Board	Membership in committees of Board
Satyanarayan Nuwal	Chairman and Executive Director	10	–	–
Kailashchandra Nuwal	Executive Director	05	–	–
Manish Nuwal	Executive Director	06	–	–
Kundansingh Talesra	Executive Director	02	–	–
Roomie Dara Wakil	Executive Director	02	–	–
Anant Sagar Awasthi	Non-Executive Independent Director	02	02	–
Satish Chander Gupta	Non-Executive Independent Director	09	01	03
Dilip Patel	Non-Executive Independent Director	08	01	05
Ajai Nigam	Non-Executive Independent Director	01	–	–
Anand Kumar	Non-Executive Independent Director	02	–	–

### Notes:

- ◆ Private Companies which are not subsidiaries to Public Companies, Section 25 Companies and Foreign Companies.
- ◆ 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 not held chairmanship in more than five committees across all companies in which he was a director as on March 31, 2012 and none of them have acquired any disqualification as per section 274(1) (g) of the Companies Act, 1956.

## Directors Shareholding:

Table 3 provides details of equity shares held by each of the Directors in their individual name as on March 31, 2012.

**Table: 3**

Name	Number. of Equity Shares held
Satyanarayan Nuwal	2,686,211
Kailashchandra Nuwal	2,637,925
Manish Nuwal	860,813
Kundan Singh Talesra	100
Roomie Dara Wakil	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 website of the Company [www.solargroup.com](http://www.solargroup.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:

While the whole board remains accountable for the performance and affairs of the Company, it delegates certain functions to sub-committees and management to assist in discharging its duties. Appropriate structures for those delegations are in place, accompanied by monitoring and reporting systems. Each sub-committee acts within agreed, written terms of reference. The chair of each sub-committee reports at each scheduled board meeting. 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 approval.

The Company has Three Board-level Committees, namely:

- ◆ Audit Committee
- ◆ Shareholders Grievance Committee
- ◆ Remuneration and Compensation 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 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 August 10, 2011.

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 group for the year 2011-2012.

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 May 19, 2011, July 27, 2011, November 11, 2011 and February 9, 2012. The gap between any two meetings has been less than four months.

### Composition And Attendance:

The Audit Committee consists of one executive and three non-executive members, Chairman being Independent Director.

**Table 4: Composition and Attendance of Audit Committee as on March 31, 2012**

Name of Director	Designation	Number of meetings attended
Shri Anant Sagar Awasthi	Chairman	4/4
Shri Satish Chander Gupta	Member	3/4
Shri Dilip Patel	Member	4/4
Shri Manish Nuwal	Member	4/4



### 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, 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's 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, wherever applicable are presented on page 16 of the Annual Report.

### Remuneration and Compensation 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 on November 26, 2005. During the year under review the same has been converted into Remuneration and Compensation Committee, for the purpose of Employee Stock Option Scheme. Its principal scope/ role is to recommend remuneration package for Executive Directors/ Senior Management Personnel as and when required. Remuneration and Compensation Committee ('the Committee') shall also monitor and supervise the implementation of the Employee Stock Option Scheme/ s ('ESOS'),

The Committee accordingly meets only as per needs. The meetings of the Remuneration and Compensation Committee were held on August 31, 2011, November 11, 2011, December 12, 2011 and February 9, 2012. Its composition and attendance is given hereunder:

**Table 5: Composition and attendance of Remuneration and Compensation Committee as on March 31, 2012**

Name of Director	Capacity	Number of Meetings held	Number of Meetings Attended
Shri Anant Sagar Awasthi	Chairman	4	4
Shri Satish Chander Gupta	Member	4	1
Shri Dilip Patel	Member	4	4

### Remuneration Policy for Directors:

**Executive Directors Remuneration:** The remuneration package of the Executive Directors is normally fixed on 3 to 5 years contractual service, by the Remuneration Committee.

Table 6 provides the remuneration paid to the Executive Directors for the services rendered during the financial year 2011-12.

**Non-Executive Independent Directors Remuneration:** All the five Non-Executive Independent 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 sitting fees for attending Board and Board Committee meetings for the year 2011-12.

Table 7 provides the remuneration paid to the Non-Executive Independent Directors for the services rendered during the financial year 2011-2012.

During the year under review Company introduced stock option programme. A few options granted in December, 2011 have been technically surrendered and thus as at the end of the year, no option is outstanding.

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

Table 6: Remuneration paid to Executive Directors during the year 2011-2012

Executive Directors	Relationship with other Directors	Salary (Rs. in lacs )	Commission (Rs. in lacs)	Gratuity (Rs. in lacs)
Satyanarayan Nuwal	Brother of K.C Nuwal/Father of Manish Nuwal	120.00	73.00	49.04
Kailashchandra Nuwal	Brother of S. N Nuwal/ Uncle of Manish Nuwal	120.00	73.00	17.31
Manish Nuwal	Son of S.N Nuwal/ Nephew of K.C Nuwal	120.00	73.00	–
Kundan Singh Talesra	—	16.20	–	12.46
Roomie Dara Vakil	—	19.20	–	5.52

Table 7: Remuneration paid to Non-Executive Directors during the year 2011-12

Non-Executive Directors	Sitting Fees (Rs.)
Anant Sagar Awasthi	1,50,000
Satish Chander Gupta	95,000
Dilip Patel	1,50,000
Ajai Nigam	80,000
Anand kumar	40,000

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

### Investors Grievance Committee:

The Shareholders'/Investors' Grievance and Share Transfer Committee has been constituted as per the Provisions set out in the Listing Agreement. The terms of reference include –

- ♦ Approve transfers, transmissions, issue of duplicate certificates, transpositions; change of names among others and to do all such acts, deeds, matters and things as connected therein
- ♦ Review complaints of the shareholders and action taken by the Company. Minutes of meetings of the Shareholders'/Investors' Grievance and Share Transfer Committee are circulated to members of the Committee and the Board

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 May 19, 2011, July 27, 2011, August 31, 2011, November 11, 2011 and February 9, 2012. Its composition and attendance is given hereunder:

Table 8: Composition and attendance of Investor Grievance Committee as on March 31, 2012

Name of Director	Capacity	Number of Meetings held	Number of Meetings Attended
Anant Sagar Awasthi	Chairman	5	5
Kailashchandra Nuwal	Member	5	4
Kunadan Singh Talesra	Member	5	5

### 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 dividend warrants, Annual Reports etc. All these complaints/queries were resolved to the satisfaction of investors.

Table 9: Nature of Complaints and redressal status as on March 31, 2012

SR. No.	Nature of Complaint	Complaints Received	Complaints Processed	Complaints Pending
1.	Non-receipt of dividend warrant	14	14	0
2.	Non-receipt of annual report	5	5	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 Tushar Pahade has carried out secretarial audit in 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 and 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 and Time	Special Resolution
16th AGM 2011	Hotel Tuli Imperial, Central Bazar, Ramdaspath Nagpur 440010	August 10, 2011 at 12.30 P.M	Nil
15th AGM 2010	Hotel Tuli International, Residency Road, Sadar Nagpur - 440001	August 23, 2010 at 11.30 a.m	Nil
14th AGM 2009	Hotel Tuli International, Residency Road, Sadar Nagpur - 440001	September 17, 2009 at 11.30 a.m	3

b) Whether Special resolutions were put through Postal Ballot last year? NO

c) Are Special resolutions proposed to be put through Postal Ballot this Year? NO

During the year under review, the Company has not conducted the postal ballot process.

d) During the year under review, Extraordinary General Meeting of the Members of the Company was convened on December 12, 2011. In this meeting members approved Solar Employee Stock Options Scheme for the employees of both, the Company and its Subsidiaries

## Means of Communication:

### Quarterly Results

Quarterly results are published in numerous leading dailies such as, The Economic Times (Mumbai Edition), Financial Express (All Editions), 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.solargroup.com](http://www.solargroup.com)

### Presentations to Institutional investors or analysts

During 2011-12, presentations made to institutional investors

or analysts by Solar Industries India Limited are displayed on the Company's website [www.solargroup.com](http://www.solargroup.com)

### Company's Corporate Website

The Company's website is a comprehensive reference on Solar's management, vision, mission, policies, corporate governance, corporate sustainability, investor relations among others.

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.

### 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's Discussion and Analysis (MD&A) Reports forms part of the Annual Reports and is displayed on the Company's website [www.solargroup.com](http://www.solargroup.com).

### Chairman's Communique :

Printed copy of the Chairmen's Speech is distributed to all shareholder's at the Annual General Meeting. The same is also

placed on the website [www.solargroup.com](http://www.solargroup.com)

#### Designated Exclusive e-mail-id:

The Company has designated the following e-mail id exclusively for investor servicing.

[investor.relations@solargroup.com](mailto:investor.relations@solargroup.com)

### General Shareholder Information:

#### 1. Annual General Meeting

Annual General meeting for the year 2011-12 is scheduled on

Saturday, August 11, 2012. The meeting will be conducted at Hotel Tuli Imperial, Central Bazar Ramdaspath, Nagpur-440 010.

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

The last date for receipt of proxy forms by us is Thursday, August 9, 2012 before 12.30 p.m.

#### 2. Financial Calendar

Our tentative calendar for declaration of results for the year 2012-2013 is given below

**Table 11: Financial results schedule for the year 2012-2013**

Particulars	Tentative schedule
Financial Reporting for the Quarter ending June 30, 2012	Second fortnight of July 2012
Financial Reporting for the Quarter ending September 30, 2012	Second fortnight of , October 2012
Financial Reporting for the Quarter ending December 31, 2012	Second fortnight of January, 2013
Financial Reporting for the Year/Quarter ending March 31, 2013	On or before May 30, 2013
Annual General meeting for the Year ending March 31, 2013	August, 2013

For the year ended on March 31, 2012 results were announced on May 25, 2012.

For the Quarter ended on June 30, 2012 results will be announced within 45 days from the end of the quarter as stipulated under the Listing Agreement with the Stock Exchange

#### 3. Dates of Book Closure

August 3, 2012 to August 11, 2012 (both days inclusive).

#### 4. Dividend:

The Board of Directors of the Company has proposed a dividend of 50% for the financial year ended on March 31, 2012 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 August 18, 2012:

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 August 2, 2012.
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 August 2, 2012.

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**

Sr.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 April 3, 2006 share price data from April 1,2011 to March 31,2012 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		Standard and Poor CRISIL NSE Index	
	High	Low	High	Low	High	Low	High	Low
April	609.45	561.35	19811.14	18976.16	610.00	571.00	5944.45	5693.25
May	635.00	552.05	19253.87	17786.13	630.00	577.45	5775.00	5329.00
June	649.40	594.00	18873.39	17314.38	648.00	580.00	5657.90	5195.90
July	688.65	599.10	19131.70	18131.86	687.00	510.00	5740.40	5453.95
August	775.00	690.00	18440.07	15765.53	797.00	686.40	5551.90	4720.00
September	797.90	729.95	17211.80	15801.01	799.00	720.00	5169.25	4758.85
October	825.00	750.00	17908.13	15745.43	825.00	751.00	5399.70	4728.30
November	839.95	681.10	17702.26	15478.69	850.00	680.25	5326.45	4639.10
December	797.90	667.00	17003.71	15135.86	798.00	725.05	5099.25	4531.15
January	849.80	752.70	17258.97	15358.02	860.00	741.05	5217.00	4588.05
February	874.50	775.55	18523.78	17308.28	876.40	781.05	5629.95	5159.00
March	865.00	799.80	18040.69	16920.61	862.00	796.10	5499.40	5135.95

**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 March 31, 2012****Table 14: Shareholding pattern as on March 31, 2012**

Shareholding of nominal value (Rs.)	Number of share holders	% of total Number of shareholders	Shares held in each class	
			Nominal Value of shares	% of total
1 – 5000	4703	95.1446	2400100	1.3854
5001 – 10000	84	1.6994	625390	0.3610
10001 – 20000	53	1.0722	824360	0.4759
20001 – 30000	26	0.5260	630560	0.3640
30001 – 40000	11	0.2225	381860	0.2204
40001 – 50000	4	0.0809	191100	0.1103
50001 – 100000	15	0.3035	1031490	0.5954
100001 – *****	47	0.9508	167153300	96.4876
<b>Total</b>	<b>4943</b>	<b>100.00</b>	<b>173238160</b>	<b>100.00</b>

**Table 15: Shareholding Pattern (Category wise) as on March 31, 2012**

Sl. No	Category	Number of Shareholders	Total Shares	% Total Share holding
1	Promoters	15	12976827	74.9074
2	Resident individuals(public)	4666	773089	4.4626
3	Foreign institutional investors	5	7763	0.0448
4	Trust	2	200	0.0012
5	Mutual funds	21	2692413	15.5417
6	Clearing members	34	16590	0.0958
7	Other Bodies Corporate	104	847663	4.893
8	Non Resident Indians	96	9271	0.0535
	<b>Total</b>	<b>4943</b>	<b>17323816</b>	<b>100</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 namely 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 Demat Escrow Account

Sr. N	Appl. No.	Name	DP/CLITID	Allot
1	2272861	Champaklal U Sanghvi	13015400000	30
2	5932548	M Anantham	–	30
3	3629081	Pradeep M Shah	1302240000026644	37
4	5331319	Saroj Agarwal	IN30047672338419	37
TOTAL				134

Table 17: Major 10 Shareholders as on March 31, 2012 (other than promoters)

Sr. N	Name	Holding	%
1	ICICI Prudential Life Insurance Company Limited	711873	4.1092
2	HDFC Trustee Company Limited - A/C HDFC Growth Fund	586757	3.3870
3	HDFC Trustee Company Limited - A/C HDFC Mid –cap Opportunities Fund	583180	3.3663
4	Birla Sun Life Trustee Company Private Limited - A/C Birla Sun Life Midcap Fund	460000	2.6553
5	DSP BlackRock Micro cap Fund	200000	1.1545
6	HDFC Trustee Company Limited - HDFC Capital Builder Fund	145000	0.8370
7	HDFC Trustee Company Limited - HDFC Premier Multi- Cap Fund	140900	0.8133
8	Reliance Capital Trustee Company Limited - A/C Reliance Small Cap Fund	121750	0.7028
9	Kotak Midcap	106420	0.6143
10	HDFC Trustee Company Limited - A/C HDFC Balanced Fund	95000	0.5484

## 12. Plant Locations as on May 25, 2012

Table 18: Plant Locations as on May 25, 2012

Sr. 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 Industrial Area, , District.-Sidhi,	Waidhan, Madhya Pradesh
5	Survey Number101, Warur Road, Tahsil-Rajura,	Chandrapur, Maharashtra
6	Khasra Number 5 Village-Mudapur, Tahsil-Katgora,	Korba, Chattisgarh
7	Plot No. 967 and 1156, Mouza Manua, Tahsil-Ramgarh Cantonment,	Hazribagh, Jharkhand
8	MIDC Plot Number B-11, Chandrapur (Tadali) Growth Center,	Chandrapur, Maharashtra
9	Kandra Industrial Area, Plot Number C-32 (p) and C-33 (p),	Dhanbad, Jharkhand
10	Mouza Barakuria, Plot Number 2/848, P.S.Asansol (North), Tahsil-Asansol,	Burdwan, West Bengal
11	IDCO Plot Number 27, Revenue Plot No.48(P), Village Ghontapada Industrial Estate Talcher	Angul, Orissa
12	KH. No.323/2, P.H.Number 30, Mauza Chainpur, Tahsil-Manendragarh,	Koria, Chattisgarh
13	Survey Number 363, Kamanpur (mandal), Village Musthyala (A)	Karimnagar, Andra Pradesh
14	Mauza Behrapalli, Plot Number: 389 and 392,	Jharsuguda, Orissa
15	Plot Number380(p), Khata Number 48 Mauza Borghatta	P.O west Bokaro, Dist Ramgarh
16	Khasra Number 975/2, Ganyar	Dist. Singrauli (M.P)
17	Khasra Number1459 and1460, Village Rupaheli	Tahesil 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: +91 712 2561000, 2561010, Fax: +91 712 2560202

Email: investor.relations@solargroup.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 is an Executive Director and this provision is not applicable to Solar. 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 and Compensation Committee

The Board of Directors constituted Remuneration and Compensation 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 website, www.solargroup.com and also publish our results in widely circulated newspapers. We have not send half-yearly

results to the shareholders in the financial year 2011-12.

#### 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, among others 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 SIII, are in place. The code of conduct and corporate disclosure practices framed by the Company helped in ensuring compliance with requirement.

### Role of Company Secretary in Corporate Governance:

The Company Secretary plays a key role in ensuring that the Board procedures are followed and regularly reviewed. The Company Secretary ensures that all relevant information, details and documents are made available to the Directors and Senior Management for effective decision making at the meetings. The Company Secretary is primarily responsible to ensure compliance with applicable statutory requirements and is the interface between the management and regulatory authorities for governance matters. All the Directors of the Company have access to the advice and services of the Company Secretary.

#### Secretarial Standards Compliance:

Your Company is in substantial compliant 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 year 2011-12, 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 SILL 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.solargroup.com](http://www.solargroup.com).
- ◆ All the Board Members and Senior Management Personnel have affirmed their compliance with the said code of conduct for the year ended on March 31, 2012.

For Solar Industries India Limited

(Manish Nuwal)

*Director*

Dated: May 25, 2012

## 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 March 31, 2012 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

For Solar Industries India Limited

(Kundan Singh Talesra)

(Nilesh Panpaliya)

*Chief Executive Officer*

*Chief Financial Officer*

Dated: May 25, 2012

## 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 March 31, 2012.

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

Dated: May 25, 2012



# AUDITOR'S REPORT

To  
The Members of  
Solar Industries India Limited

1. We have audited the attached Balance Sheet of SOLAR INDUSTRIES INDIA LTD. as at 31st March 2012, 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 2012 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, 2012;
    - (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*

Place : Nagpur  
Dated : May 25, 2012

M. No. 39895  
Firm Reg. No. 103031W

## ANNEXURE REFERRED TO IN PARAGRAPH 3 OF THE AUDITORS REPORT TO THE MEMBERS OF SOLAR INDUSTRIES INDIA LTD. ON THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2012

- 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 year end balance of loan including interest towards such Companies was Rs. 10583.27 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 have 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 year end balance of loans taken from such Companies was Rs. 5077.34 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) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- 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, 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.

- 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, 1944	Excise duty on to and fro freight collected on account of sales made to CIL subsidiaries treating it as additional consideration	107.55	CESTAT
	Excise duty on the benefits earned by the company due to premature payment of sales tax deferral liability	263.86	Commissioner (Appeals)
	Excise Duty on assessable value of goods used in in-house testing	21.34	Supreme Court
	Cenvat Credit of Service tax paid on tour operator services	6.14	CESTAT
	Cenvat Credit of Service tax paid on workmen compensation	12.18	CESTAT
	Cenvat Credit of Service tax paid on outward transportation availed as credit	6.35	Commissioner (Appeals)
	Cenvat Credit Reversal on input goods sold as such	38.51	Adjudicating Officer
	Penalty for late payment of Service Tax on payment made to overseas entities	10.87	Adjudicating Officer
Sales Tax Act	Sales Tax on A.N.sale, Input Credit, CST liability on non submission of 'C' form & Entry Tax liability	101.11	M.P.Commercial Tax Appellate Board
Custom Act	Custom matter with Dri Mumbai for Sap software Import	2.39	Adjudicating Officer

- x) 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

**C.N.Rathi**  
Partner

Place : Nagpur  
Dated : May 25, 2012

M. No. 39895  
Firm Reg. No. 103031W

**Balance Sheet** as at March 31, 2012

(Rs. in Lacs)

Particulars	Note No.	As at 31 March 2012	As at March 31, 2011
<b>CAPITAL AND LIABILITIES</b>			
<b>SHARE HOLDERS' FUND</b>			
Share Capital	1	1,732.38	1,732.38
Reserves and Surplus	2	25,235.97	21,024.52
		<b>26,968.35</b>	<b>22,756.90</b>
<b>NON-CURRENT LIABILITIES</b>			
Long -term borrowings	3	5,652.73	4,433.70
Deferred tax liabilities (net)	4	1,501.25	1,221.77
Other Long-term liabilities	5	2.06	2.06
Long-term provisions	6	79.71	307.79
		<b>7,235.75</b>	<b>5,965.32</b>
<b>CURRENT LIABILITIES</b>			
Short-term borrowings	7	16,498.83	8,690.52
Trade payables	8	6,344.73	7,583.40
Other current liabilities	9	4,638.47	2,244.70
Short-term provisions	10	1,223.97	1,266.40
		<b>28,706.00</b>	<b>19,785.02</b>
<b>Total</b>		<b>62,910.10</b>	<b>48,507.24</b>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
<b>Fixed Assets</b>			
Tangible Assets	11	17,886.96	12,048.03
Capital Work-In-Progress	11	1,943.54	1,796.23
Non-current investments	12	6,572.24	6,486.29
Long-term loans and Advances	13	10,448.00	10,014.12
Other Non current Assets	14	433.81	669.36
<b>Total</b>		<b>37,284.55</b>	<b>31,014.03</b>
<b>CURRENT ASSETS</b>			
Current Investments	15	271.02	429.41
Inventories	16	7,252.45	2,649.48
Trade receivables	17	9,307.54	7,620.35
Cash and Bank Balances	18	1,942.30	3,644.04
Short Term Loans and Advances	19	1,059.97	1,585.11
Other Current Assets	20	5,792.27	1,564.82
		<b>25,625.55</b>	<b>17,493.21</b>
<b>Total</b>		<b>62,910.10</b>	<b>48,507.24</b>
Significant Accounting Policies			
Notes on Financial Statements	1 to 20		

As per our report of even date.

For **Gandhi Rathi & Co.**,  
Chartered AccountantsC.N. Rathi  
Partner  
Membership No.: 39895  
Firm Reg. No. 103031WPlace: Nagpur  
Date: May 25, 2012

For and on behalf of the Board

S.N. Nuwal  
DirectorKhushboo Pasari  
Company SecretaryManish Nuwal  
Director


**Statement of Profit and Loss** for the year ended March 31, 2012

(Rs. in Lacs)

Particulars	Note No.	As at 31 March 2012	As at March 31, 2011
<b>REVENUES</b>			
Revenue From Operations	21	72,374.72	53,400.60
Other Income	22	2,496.72	2,480.97
<b>Total Revenue</b>		<b>74,871.44</b>	<b>55,881.57</b>
<b>EXPENSES</b>			
Cost of materials consumed	23	39,299.94	26,161.66
Purchases of Stock in Trade		8,914.42	6,265.72
Changes in inventories	24	-187.49	-43.23
Employee Benefit Expenses	25	2,414.82	1,887.81
Finance Costs	26	2,008.81	1,144.97
Depreciation and amortization expenses		804.77	663.55
Other Expenses	27	13,383.14	12,230.30
<b>Total Expenses</b>		<b>66,638.41</b>	<b>48,310.78</b>
<b>PROFIT BEFORE EXCEPTIONAL ITEMS</b>		<b>8,233.03</b>	<b>7,570.79</b>
Less: Exceptional Items	28	315.04	-
<b>PROFIT BEFORE TAX</b>		<b>7,917.99</b>	<b>7,570.79</b>
<b>Tax Expenses :</b>			
Current Tax		1,549.91	2,309.30
Deferred Tax		279.48	202.52
Prior Period Taxes		0.00	29.62
		<b>1,829.39</b>	<b>2,541.44</b>
<b>Profit for the year</b>		<b>6,088.60</b>	<b>5,029.35</b>
<b>Earning per equity share of face value Rs. 10 each</b>		<b>35.15</b>	<b>29.03</b>
Significant Accounting Policies	21 to 35		
Notes to Financial Statements			

As per our report of even date.

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

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

Place: Nagpur  
Date: May 25, 2012

For and on behalf of the Board

**S.N. Nuwal**  
Director  
  
**Khushboo Pasari**  
Company Secretary

**Manish Nuwal**  
Director

## Cash Flow Statement for the year ended March 31, 2012

(Rs. in Lacs)

Particulars	2011-12	2010-11
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Tax	7917.99	7570.79
Adjustments for :		
Depreciation	804.77	663.55
Interest & Financial Expense	2,008.81	1,106.46
Loss due to Impairment of Assets	325.25	-
	<b>3,138.83</b>	<b>1,770.01</b>
<b>Operating Profit before working Capital Changes</b>	<b>11,056.82</b>	<b>9,340.80</b>
Increase/(Decrease) in Sundry Debtors & Other Debit balances	1,863.89	-186.76
Increase/(Decrease) in Inventories	4,602.97	507.18
Increase/(Decrease) in Loans & Advances	4,136.18	-260.43
(Increase)/Decrease in Creditors & Other Credit balances	-884.58	-3,866.91
	<b>9,718.46</b>	<b>-3,806.92</b>
<b>Cash Generated from Operations</b>	<b>1,338.36</b>	<b>5,533.88</b>
Deferred Tax	279.48	202.52
Income Tax Paid	1,549.91	2,309.3
Prior period taxes	-	29.62
	<b>1,829.39</b>	<b>2,541.44</b>
<b>Net Cash from Operating Activities</b>	<b>-491.03</b>	<b>2,992.44</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Increase in Tangible Assets	-6,968.94	-3,937.03
Decrease (+) in Fixed Assets	-	30.6
Increase in Capital Work-In-Progress	-147.31	-
Increase in Pre-operative Exp	-	-6.98
Increase in Investment	72.44	-3,353.33
<b>Net Cash from Investing Activities</b>	<b>-7,043.81</b>	<b>-7,266.74</b>




**Cash Flow Statement (Contd.)** for the year ended March 31, 2012

(Rs. in Lacs)

Particulars	2011-12	2010-11
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Bank Working Capital Loan	7,808.30	6,547.78
Repayment of Commercial Paper	–	-2,500.00
Repayment of Vehicle Loan	–	-31.22
Increase/(Decrease) in Long Term Borrowing	1,219.03	–
Increase In Unsecured Loans	–	-558.11
Interest & Financial Expense	-2,008.81	-1,106.46
Deferred Tax	279.48	202.52
Interim Dividend	-866.19	-692.95
Proposed Dividend	-866.19	-692.95
Tax on Interim Dividend	-144.77	-118.57
<b>Net Cash from Financing Activities</b>	<b>5,420.85</b>	<b>1,050.04</b>
<b>Net Increase in Cash &amp; Cash equivalents</b>	<b>-2,113.99</b>	<b>-3,224.26</b>
<b>Notes :</b>		
1) Cash & Cash equivalents at the beginning of period	4,136.29	7,381.46
Cash & Cash equivalents at the end of period	2,022.30	4,157.20
	2,113.99	3,224.26

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.

As per our report of even date.

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

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

Place: Nagpur  
Date: May 25, 2012

For and on behalf of the Board

**S.N. Nuwal**  
Director  
**Khushboo Pasari**  
Company Secretary

**Manish Nuwal**  
Director

## Significant Accounting Policies for the year ended 31 March 2012

### a. Basis of preparation.

The financial statements are prepared under the historical cost convention, except for certain fixed assets which are revalued, in accordance with the generally accepted accounting principles in India (Indian GAAP) and the provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

### b. Presentation and disclosure of financial statements.

During the year ended 31 March, 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the company, for preparation and presentation of this financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statement. However, it has significant impact on presentation and disclosures made in the financial statements. The company has also reclassified the previous year figures in accordance with the requirement applicable in the current year.

### c. Use of estimates

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

### d. Tangible fixed assets

Fixed assets are stated at cost, net of cenvat / value added tax less accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the assets to its working conditions for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

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

The company adjusts exchange differences arising on translation/settlement of long-term foreign currency monetary items pertaining to the acquisition of depreciable assets to the cost of the asset and depreciates the same over the remaining life of the asset.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

### e. Depreciation on tangible fixed assets.

Depreciation on fixed assets is calculated on a straight-line basis using the rates prescribed under the Schedule XIV to the Companies Act, 1956. The company has used the following rates to provide depreciation on its fixed assets.

ASSETS	RATES(SLM)
Factory buildings	3.34%
Other buildings	1.63%
Plant and equipment	4.75%
Furniture and fixtures(Office & Factory)	6.33%
Office Equipment	6.33%
Goods Vehicles	11.31%
Other Vehicle	9.5%
Computer	16.21%



## Significant Accounting Policies (*Contd.*) for the year ended 31 March 2012

### f. Borrowing costs.

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

### g. Impairment of tangible assets.

An asset is treated as impaired when the carrying amount of an asset exceeds its recoverable value and is written down to its recoverable amount. An impairment loss is charged to Profit and Loss Account in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

### h. Investments

Current investment are carried in the financial statements at lower of cost and quoted/fair value computed category wise. Long-term investments are stated at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

### i. Inventories

Items of inventories are measured at lower of cost and net realisable value after providing for obsolescence, if any. Cost of inventories comprises of cost of purchase, cost of conversion and other costs including manufacturing overheads incurred in bringing them to their respective present location and condition. Cost of raw materials, stores and spares, packing materials, trading and other products are determined on weighted average basis.

### j. Revenue recognition

Revenue is recognized only when it can be reliably measured and it is reasonable to expect ultimate collection. Revenue from operations includes sale of goods, services, sales tax, service tax, excise duty and sales during trial run period, adjusted for discounts (net) and gain / loss on corresponding hedge contracts. Gross Turnover includes sales tax, service tax and excise duty. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year. Dividend income is recognized when right to receive is established. Interest income is recognized on time proportion basis taking into account the amount outstanding and rate applicable.

Revenues from hire charges for delivery of goods are recognized on delivery of goods .

### k. Foreign currency translation

Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction or that approximates the actual rate at the date of the transaction.

Monetary items denominated in foreign currencies at the year end are restated at year end rates. In case of items which are covered by forward exchange contracts, the difference between the year end rate and rate on the date of the contract is recognised as exchange difference and the premium paid on forward contracts is recognised over the life of the contract.

Non monetary foreign currency items are carried at cost.

In respect of branches, which are integral foreign operations, all transactions are translated at rates prevailing on the date of transaction or that approximates the actual rate at the date of transaction. Branch monetary assets and liabilities are restated at the year end rates.

## Significant Accounting Policies (*Contd.*) for the year ended 31 March 2012

Any income or expense on account of exchange difference either on settlement or on translation is recognised in the Profit and Loss account except in case of long term liabilities, where they relate to acquisition of fixed assets, in which case they are adjusted to the carrying cost of such assets.

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

Retirement benefit in the form of provident fund is a defined contribution scheme. The Contributions to the provident fund are charged to the statement of profit and loss for the year when the contributions are due. The company has no obligation, other than the contribution payable to the provident fund.

The company has made provision for gratuity based on 15 days salary for each completed year of service.

### **m. Income taxes and Deferred Tax**

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income-tax Act, 1961. Deferred tax resulting from "timing difference" between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date. Deferred tax asset is recognised and carried forward only to the extent that there is a virtual certainty that the asset will be realised in future.

### **n. Segment reporting**

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 relate to the Company as a whole and not allocable to segments is included in "Unallocable Corporate Income"

### **o. Earning Per share**

Basic earnings per share are calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. There are no potential equity shares as on 31.03.2012 and accordingly the Diluted Earning per share and Basic Earning per share will be same.

### **p. Provisions**

A provision is recognized when the company has a present obligation as a result of past event. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. Where the company expects some or all of a provision to be reimbursed for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expenses relating to any provision is presented in the statement of profit and loss net of any reimbursement.

### **q. Contingent liabilities and Contingent assets**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non occurrence of one or more uncertain future events beyond the control of the company of a present obligation that is not recognized because it is not probable than an outflow of resources will be required to settle the obligation. A contingent liability



## Significant Accounting Policies (*Contd.*) for the year ended 31 March 2012

also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements. Contingent assets are neither recognized nor disclosed in the Financial Statements.

### r. Cash and Cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise Balances with bank and Cash in hand .

### s. Financial Derivatives and Commodity Hedging Transactions

In respect of derivative contracts, premium paid, gains / losses on settlement and losses on restatement are recognised in the Profit and Loss account except in case where they relate to the acquisition or construction of fixed assets, in which case, they are adjusted to the carrying cost of such assets.

### t. Capital Work-In-Progress

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

### u. 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.

### v. Sales Tax Incentives

The company has earned Sales Tax Incentives under package scheme of 1993 as Sales Tax Defferment. The company is also eligible for the benefits of Industrial Promotion Subsidy Scheme 2007 of government of Maharashtra. The benefits has been recognised on the basis of sanction letter of government authority and adjusted against sales tax through Profit and Loss A/c.

### w. 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 is ascertained with reasonable certainty, are accounted for on acceptance / actual receipt basis.

### x. 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 cancellable 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 leases rentals.

### y. Research & Development Expenses:

Revenue expenditure on Research and Development is charged as an expense through the normal heads of account in the year in which the same is incurred. Capital expenditure incurred on equipment and facilities that are acquired for research and development activities is capitalized and is depreciated according to the policy followed by the Company.

## Notes Attached to and Forming Part of the Balance Sheet As at March 31, 2012

(Rs. in Lacs)

Particulars	As at 31 March 2012		As at March 31, 2011	
<b>Note 01 SHARE CAPITAL</b>				
<b>(a) Authorised Share Capital</b>				
27000000 Equity Shares of Rs. 10/- each		2,700.00		2,700.00
Issued, Subscribed & Paid up				
17323816 Equity Shares of Rs. 10/- each		1,732.38		1,732.38
		<b>1,732.38</b>		<b>1,732.38</b>
No shares were issued in last 5 years				
<b>(b) Details of Shareholders holding more than 5% Equity Shares</b>				
	No. of share	% held	No. of share	% held
<b>Name of Shareholder - Percentage Held</b>				
1. Shri Satyanarayan Nuwal	2686211	15.51	2561717	14.79
2. Shri Kailashchandra Nuwal	2637925	15.23	2609125	15.06
3. Shri Nandlal Nuwal	2082313	12.02	2082313	12.02
4. Smt Indira Devi Nuwal	1094375	6.32	1094375	6.32
5. Smt. Leela Devi Nuwal	1015188	5.86	1015188	5.86
6. Smt. Sohan Devi Nuwal	929938	5.37	929938	5.37
<b>(c) Reconciliation Statement of Shares Outstanding</b>				
	No. of share		No. of share	
Number of Shares at the beginning of the year	17323816		17323816	
Add: Issued during the year	-		-	
Number of Shares at the end of the year	17323816		17323816	

Particulars	As at 31 March 2012		As at March 31, 2011	
<b>Note 02 RESERVES AND SURPLUS</b>				
<b>(a) General Reserve</b>				
General Reserve as per last Balance Sheet		6,160.83		4,660.83
Add:- Profit & Loss Account		2,000.00		1,500.00
<b>Total</b>		<b>8,160.83</b>		<b>6,160.83</b>
<b>(b) Surplus in Statement of Profit and Loss</b>				
Profit & Loss Balance at the beginning of the year		6,644.41		4,619.53
Profit for the year		6,088.60		5,029.35
Less: Appropriations		-		-
Interim Dividend		866.19		692.95
Proposed dividend on Equity Shares for the year		866.19		692.95
Dividend distribution tax on dividend on Equity Shares		144.77		118.57
Transfer to General Reserve		2,000.00		1,500.00
Profit & loss Balance as at the end of the year		8,855.86		6,644.41
<b>CAPITAL RESERVE</b>				
(a) Security Premium Account		7,790.33		7,790.33
(b) Capital Reserve on Merger		408.95		408.95
(c) State Capital Incentive		20.00		20.00
<b>Grand Total</b>		<b>25,235.97</b>		<b>21,024.52</b>


**Notes Attached to and Forming Part of the Balance Sheet (Contd.)** As at March 31, 2012 (Rs. in Lacs)

Particulars	As at 31 March 2012	As at March 31, 2011
<b>Note 03 LONG TERM BORROWINGS</b>		
<b>(a) Secured Loans</b>		
1. Foreign currency Term Loan *	2,616.69	3,526.28
<b>(b) Unsecured Loans</b>		
From Other		
1. Sales Tax Deferral Loan **	536.04	899.50
2. Loan from Related Party *** (see note no. 29)	2,500.00	7.92
	<b>5,652.73</b>	<b>4,433.70</b>

Term Loan amounting to 90Lakhs \$ referred to in (1) above are secured by Exclusive charge on the tangible movable & immovable fixed assets. The same is repayable in 7 Equal Semi annual installment already started from 1st of Jan 2012

\* Maturity Profile of secured Term Loan are set out below Rs in Lacs

**MATURITY PROFILE ( Rs in Lacs )**

	2013-2014	2014-2015
	1,308.34	1,308.34

\*\* Maturity Profile of Sales Tax Deferral Loan -  
2019-20 onwards

\*\*\* Maturity Profile of Loan from related party ( Rs in Lacs ) -

	2013-2014	2014-2015
	1250	1250

**Note 04 DEFERRED TAX LIABILITY**

Opening Balance	1,221.77	1,019.25
Addition during the year	279.48	202.52
	<b>1,501.25</b>	<b>1,221.77</b>

**Note 05 OTHER LONG-TERM LIABILITIES**

Unpaid dividends	1.89	1.89
Application money received for allotment of securities and due for refund and interest accrued there on	0.17	0.17
	<b>2.06</b>	<b>2.06</b>

**Note 06 LONG TERM PROVISIONS**

Claims Payable	79.71	216.09
Provisions For Employees Benefits-Gratuity Payable	0.00	91.70
	<b>79.71</b>	<b>307.79</b>

**Note :** During the year company has deposited amount with LIC Gratuity Fund, hence no liability exist.

**Notes Attached to and Forming Part of the Balance Sheet (Contd.)** As at March 31, 2012 (Rs. in Lacs)

Particulars	As at March 31, 2012	As at March 31, 2011
<b>Note 07 SHORT-TERM BORROWINGS</b>		
<b>SECURED LOANS</b>		
Cash Credit		
Rupee Loan	746.82	799.74
Foreign Currency Loan	6,432.20	5,446.37
<b>Demand Loans</b>		
Loan against FDR	0.00	1,315.30
Buyers Credit Loans		
Foreign Currency Loan	6,742.46	0.00
	<b>13,921.48</b>	<b>7,561.41</b>
<b>UNSECURED LOANS</b>		
from Related Party # ( see note no 29 )	2,577.35	1,129.11
	<b>16,498.83</b>	<b>8,690.52</b>

# Working Capital loans are secured by hypothecation of entire stocks, raw material, stock in process, finished goods, consumables, stores & spares, book debts, outstanding money receivables, entire current asset of company- current & future, paripassu second charges on fixed assets, claims & bills, receivables.

**Note 08 TRADE PAYABLES**

Micro, Small & Medium Enterprises *	159.36	83.30
Related Parties (see note no. 29)	217.14	14.09
Others	5968.23	7,486.01
	<b>6,344.73</b>	<b>7,583.40</b>

\* The details of amounts outstanding to Micro, Small & Medium Enterprises based on the available information with the company as under :

Principal amount due & remaining unpaid.	-	-
Interest due on above & the unpaid interest	-	-
Interest Paid	-	-
Payment made beyond the appointed date during the year	-	-
Interest due & payable for the period of delay	-	-
Interest accrued & remaining unpaid	-	-
Amt of further interest remaining due & payable in Succeeding years	-	-

**Note 09 OTHER CURRENT LIABILITIES**

Current Maturities of long term Debt	1,308.34	582.86
Others Payables #	1,241.34	400.37
Interest accrued but not due on borrowings	56.50	59.23
Creditors for Capital Expenditure	43.40	231.95
Advances received from Customers	816.83	459.66
Creditors for Transporter & Others	1,093.36	510.63
Sales Tax Deferment	78.70	0.00
	<b>4,638.47</b>	<b>2,244.70</b>

# Other payable includes Statutory dues & Expenses Payable.




**Notes Attached to and Forming Part of the Balance Sheet (Contd.)** As at March 31, 2012

(Rs. in Lacs)

Particulars	As at March 31, 2012	As at March 31, 2011
<b>Note 10 SHORT TERM PROVISIONS</b>		
Provision for employee benefits	147.19	110.59
Others	1076.78	1155.81
	<b>1223.97</b>	<b>1266.40</b>

**Note 11 FIXED ASSETS**

(Rs. in Lacs)

Assets	Gross Block as on 01.04.2011	Additions/ during period	Deductions during period	Gross Block as on 31.03.2012	Depreciation		Deductions during the period	Depreciation Up to 31.03.2012	Net Block	
					Up on 01.04.2011	during the period			As on 01.04.2011	As on 31.03.2012
Land	732.29	1,105.30	0.00	1,837.59	0.00	0.00	0.00	0.00	732.29	1,837.59
Plot	285.18	0.00	0.00	285.18	0.00	0.00	0.00	0.00	285.18	285.18
Civil Construction	4,532.98	2,463.72	69.61	6,927.09	683.29	157.36	27.93	812.72	3,849.69	6,114.37
Office Building	473.83	0.00	0.00	473.83	13.62	1.80	0.00	15.42	460.21	458.41
Plant & Machinery	6,438.31	2,779.96	320.53	8,897.74	1,529.64	328.67	149.14	1,709.17	4,908.67	7,188.57
Furniture & Fixtures (F)	58.90	0.00	0.00	58.90	18.94	3.73	0.00	22.67	39.95	36.23
Furniture & Fixtures (O)	67.04	45.15	0.00	112.19	22.04	4.86	0.00	26.90	45.00	85.29
Office Equipment	408.15	102.59	0.65	510.09	183.91	40.83	0.15	224.59	224.24	285.50
Vehicles	2,347.50	472.23	280.22	2,539.51	854.46	267.52	168.53	953.45	1,493.04	1,586.06
Plantation	9.76	0.00	0.00	9.76	0.00	0.00	0.00	0.00	9.76	9.76
	<b>15,353.94</b>	<b>6,968.95</b>	<b>671.01</b>	<b>21,651.88</b>	<b>3,305.90</b>	<b>8,04.77</b>	<b>345.75</b>	<b>3,764.92</b>	<b>12,048.03</b>	<b>17,886.96</b>

Capital Work In Progress

1,796.23

1,943.54

**1. Capital Work in Progress includes:**

	31.03.2012
Preoperative Expenses	775.62
Machinery under Installation	396.02
Furniture & fixture under Installation	99.99
Building Under Construction	598.48
Vehicle	73.43
<b>Total</b>	<b>1,943.54</b>

**Note – 11**
**Detail of Project Development Expenditure**

Opening Balance	171.77	164.79
ADD :	-	-
Transfer from P&L	80.19	3.98
Interest Capitalisation	523.66	3.00
	<b>775.62</b>	<b>171.77</b>

## Notes Attached to and Forming Part of the Balance Sheet (Contd.) As at March 31, 2012

## Note 12 NON-CURRENT INVESTMENTS

(A) Trade Investment In Shares at Cost  
In Equity Shares- Quoted

Particulars	(Rs. in Lacs)	
	As at March 31, 2012	As at March 31, 2011
987 Shares of Reliance Industrial Infrastructure Ltd.	23.90	23.90
5331 Shares of Murli Industries Ltd.	4.29	4.29
2993 Shares of Sangam (India) Ltd.	1.72	1.72
	<b>29.91</b>	<b>29.91</b>

## In Equity Shares - Unquoted

Equity share - 250000 Nos. @ of Rs 10 each held in Rainbow Production Ltd	25.00	25.00
Equity share - 200 Nos. @ of Rs 10 each held in Shree Salasar Creation P Lts	0.02	0.02
Equity share - 110000 Nos. @ of Rs 10 each held in Ganga Care Hospital Ltd	11.00	5.00
	<b>36.02</b>	<b>30.02</b>

## In Equity Shares of Associate Companies UnQuoted, fully paid up

Equity share-490000 Nos. @ of Rs 10 each held in SMS Bhatgaon Mines Extension Pvt Ltd	49.00	49.00
Equity share-490000 Nos. @ of Rs 10 each held in Solar Bhatgaon Extension Mines Pvt Ltd	49.00	49.00
	<b>98.00</b>	<b>98.00</b>

## In Equity Shares of Subsidiaries Companies UnQuoted, fully paid up

Equity share - 3700 Nos. @ of Rs 10 each held in Solar Agro Florestal LDA	0.37	0.37
Equity share - 3700 Nos. @ of Rs 10 each held in Solar Industrias LDA	0.37	0.37
Equity share - 3700 Nos. @ of Rs 10 each held in Solar Recursos Mineral LDA	0.37	0.37
Equity share - 48,00,000 Nos. @ 30.20 each held in Economic Explosives Ltd	1449.64	1449.64
Equity share - 85000 Nos. @ \$ 100/- Each @ Rs.45.67 held in Solar Overseas Mauritius Ltd	3882.21	3882.21
Equity share - 50200 Nos. @ of Rs 1593.63 each held in Nav Bharat Coalfields Ltd	800.00	800.00
Equity share - 25500 Nos. @ of Rs 10 each held in Solar Mines & Minerals Ltd	2.55	2.55
Equity share - 50000 Nos. @ of Rs 10 each held in Solar Mining resources Ltd	5.00	2.55
	<b>6140.51</b>	<b>6138.06</b>

## (B) Investment in Government or trust Securities

NSC	0.30	0.30
	<b>0.30</b>	<b>0.30</b>

## (C) Investment in Mutual Fund at Cost

Kotak Private Equity Bond	267.50	190.00
	<b>267.50</b>	<b>190.00</b>
<b>Grand Total</b>	<b>6572.24</b>	<b>6486.29</b>


**Notes Attached to and Forming Part of the Balance Sheet (Contd.)** As at March 31, 2012

(Rs. in Lacs)

Particulars	As at March 31, 2012	As at March 31, 2011
<b>Note 13 LONG TERM LOANS AND ADVANCES</b>		
<b>Unsecured, considered good</b>		
Capital Advances		
– Others	172.03	247.11
– loans & Advances		
– To, Related Party # (see note no 29)	9,408.90	9,373.08
– To, Other	631.40	125.69
Security Deposit & other Deposit		
– Others	235.67	268.24
	<b>10,448.00</b>	<b>10,014.12</b>

# Loans &amp; Advances in nature of loans given Subsidiaries &amp; Associates.

Subsidiaries - 1916.97

Associates - 7491.93

**Note 14 OTHER NON CURRENT ASSET**

Balances with bank held as margin money or security against borrowing guarantees and other commitments	80.00	492.26
Trade Receivable (Above 12 months)		
– Related Parties (see note no. 29)	177.10	177.10
– Other	176.71	0.00
	<b>433.81</b>	<b>669.36</b>

## Notes Attached to and Forming Part of the Balance Sheet (Contd.) As at March 31, 2012

Particulars	(Rs. in Lacs)	
	As at March 31, 2012	As at March 31, 2011
<b>Note 15 CURRENT INVESTMENTS</b>		
<b>(A) Trade Investment In Shares at Cost</b>		
<b>In Equity Shares- Quoted</b>		
1000 Shares of Goldman Sachs Gold Exchange Traded Scheme	26.99	0.00
45658 shares of PREMEXPLQ	32.87	0.00
1000 shares of Bgr Energy Systems L	3.27	5.83
5000 shares of Bharti Shipyard	3.99	11.86
1941 shares of Central Bank Ltd	1.95	3.33
12500 Shares of Cranes Software Fv 5	0.36	0.63
2000 shares of Deepak Fertilizers	3.02	0.00
3500 Shares of Edserv Softsystems L	1.00	6.56
3000 Shares of IL Fs Transport.NETW	5.80	8.25
10200 Shares of Jai Corporation Fv1	8.87	20.68
64081 Shares of Keltech Energies	168.65	5.56
20623 Shares of Malu Paper Mills Ltd	1.87	3.76
217 Shares of Religare Nifty ETF	1.12	0.00
5000 Shares of Shree Ashtavinayak	0.18	0.49
5250 Shares of Sterlite Ind Fv2	5.52	13.04
1000 Shares of Tata Iron Steel Co	4.72	0.00
Sbi Mutual Fund	0.00	300.00
1250 Shares of Maruti Suzuki India	0.00	28.26
10000 Shares of India Infoline	0.00	8.33
100 Shares of IDBI	0.00	0.14
1000 Shares of Ranbaxy Lab	0.00	4.44
275 Shares of Mahindra & Mahindra	0.00	2.12
2 Shares of The Orissa Minerals	0.00	1.20
500 Shares of Housing Development Finance Corporation	0.00	0.99
250 Shares of Punjab National Bank	0.00	2.83
10000 Shares of Wire And Wireless	0.84	1.11
<b>Tata</b>	<b>271.02</b>	<b>429.41</b>

**Note 16 INVENTORIES** (Valued at weighted average cost basis)

Raw Materials, Packing Materials & Consumables	6,580.53	2,165.06
Stock in Trade -(Traded Goods )	10.25	10.65
Semi Finished Goods	133.09	92.41
Finished Goods	496.14	378.41
Goods In Transit	27.65	0.00
Scrap	4.79	2.95
	<b>7,252.45</b>	<b>2,649.48</b>


**Notes Attached to and Forming Part of the Balance Sheet (Contd.)** As at March 31, 2012

(Rs. in Lacs)

Particulars	As at	
	March 31, 2012	March 31, 2011
<b>Note 17 DEBTORS &amp; DEBIT BALANCES</b>		
(a) Over 6 Months (Unsecured)		
Considered Good		
– Related Parties (see note no 29)	803.30	1,131.36
– Other	1230.19	0.00
(b) Others (Unsecured)		
Considered Good		
– Related Parties (see note no. 29)	824.40	2,617.46
– Other	6,449.65	3,871.53
	<b>9,307.54</b>	<b>7,620.35</b>

**Note 18 CASH AND CASH EQUIVALENTS**

Balances with Banks:		
In Current Accounts	192.70	142.86
Cash in hand	26.30	36.42
Other Bank Balances		
In Fixed Deposits With Bank *	1,723.30	3,464.76
	<b>1,942.30</b>	<b>3,644.04</b>

\* (i) Fixed Deposit with bank include deposit of Rs 235.52 lacs maturity more than 12 months & held as security against borrowing of less than 12 months period.

(ii) FDR of Rs 14870.02 lacs held as margin money or security against the borrowing & other commitments of

**Note 19 SHORT TERM LOANS AND ADVANCES**

Unsecured, considered good		
Loans & Advances to Employees	38.88	26.97
Advances recoverable in cash or in kind or for value to be received		
Goods Suppliers	923.35	838.34
Related parties (see note no 29)	32.76	56.89
Other advances	64.98	662.91
	<b>1,059.97</b>	<b>1,585.11</b>

**Note 20 OTHER CURRENT ASSETS**

Balance with Revenue Authorities	4,573.81	1,554.00
Other Receivables	45.78	0.00
Interest Accrued but not due	1,141.83	10.82
Prepaid Expenses	30.85	0.00
	<b>5,792.27</b>	<b>1,564.82</b>

**Notes Attached to and Forming Part of the Balance Sheet (Contd.)** As at March 31, 2012 (Rs. in Lacs)

Particulars	As at March 31, 2012	As at March 31, 2011
<b>Note 21 REVENUE</b>		
Sale of products		
Finished goods	68,165.86	49,178.81
Traded goods	9,270.58	7,355.79
Other Sales	272.14	232.84
Other Operating Revenue	0.00	42.91
Other Operating Income	112.30	236.26
	<b>77,820.88</b>	<b>57,046.61</b>
Less: Excise Duty	5,446.16	3,646.01
<b>Total</b>	<b>72,374.72</b>	<b>53,400.60</b>
Details of Sales (Finished goods)		
Explosives	61,520.23	42,235.64
Explosive Accessories	6,645.63	6,943.18
Others	272.14	232.84
Details of Sales (Traded goods)		
A.N, Explosives and other	9,270.58	7,355.79
<b>Total</b>	<b>77,708.58</b>	<b>56,767.45</b>

**Note 22 OTHER INCOME**

Interest Income		
Interest From FDR	336.64	281.98
Interest from Other	1,200.50	1,356.25
Dividend Income		
From Subsidiaries	840.00	672.00
From Other	8.17	1.36
Income from Exchange Rate Fluctuation	111.41	164.05
Other Misc. Income	-	5.33
	<b>2,496.72</b>	<b>2,480.97</b>

**Note 23 COST OF MATERIALS CONSUMED**

<b>Raw material consumed</b>		
Opening inventory	1,480.73	2,396.23
Add : Purchases (net)	41,181.80	23,351.56
Less : Inventory at the end of the year	5,879.33	1,480.73
Cost of raw materials consumed during the year	36,783.20	24,267.06
<b>Packing material consumed</b>		
Opening inventory	11.53	131.68
Add : Purchases (net)	2,574.78	1,774.45
Less : Inventory at the end of the year	69.57	11.53
Cost of packing materials consumed during the year	2,516.74	1,894.60
	<b>39,299.94</b>	<b>26,161.66</b>


**Notes Attached to and Forming Part of the Balance Sheet (Contd.)** As at March 31, 2012

(Rs. in Lacs)

Particulars	As at March 31, 2012	As at March 31, 2011
<b>Note 24 CHANGES IN INVENTORY OF FINISHED GOODS AND WORK IN PROGRESS</b>		
(Increase)/decrease in stocks		
Stock at the end of the year:		
Finished Goods	496.14	378.41
Work-in progress	133.09	92.41
Scrap	4.79	2.96
Stock in trade	10.26	10.65
Goods In Transit	27.64	0.00
<b>Total A</b>	<b>671.92</b>	<b>484.43</b>
Less: Stock at the beginning of the year:		
Finished Goods	378.41	320.48
Work-in progress	92.41	107.84
Scrap	2.96	6.59
Stock in trade	10.65	6.29
<b>Total B</b>	<b>484.43</b>	<b>441.20</b>
<b>Increase/Decrease in Stocks (A-B)</b>	<b>-187.49</b>	<b>-43.23</b>

**Note 25 EMPLOYEE BENEFIT EXPENSES**

Employee Benefit Expenses		
Salaries, Wages and Bonus	2,277.26	1,781.45
Contribution to Provident and Other Funds	71.68	48.62
Gratuity	32.20	29.47
Staff Welfare Expenses	33.68	28.27
	<b>2,414.82</b>	<b>1,887.81</b>

**Note 26 FINANCE COSTS**

Interest on Working Capital	781.65	462.54
Other Borrowing Costs	190.69	291.35
Interest on Vehicle and Term Loans	262.97	250.11
Interest on Loans	254.75	112.52
Loss from Exchange Rate Fluctuation	518.75	28.45
	<b>2,008.81</b>	<b>1,144.97</b>

**Note 27 OTHER EXPENSES**

Administrative Expenses :		
Remuneration to Directors	698.73	532.80
Consultancy Charges	160.60	178.27
Conveyance Expenses	123.11	93.68
Donation	99.41	35.23
Office Expenses	68.56	52.30
Printing & Stationery	52.04	34.33
Bank Charges	78.08	18.75
Telephone Expenses	43.54	37.67

**Notes Attached to and Forming Part of the Balance Sheet (Contd.)** As at March 31, 2012 (Rs. in Lacs)

Particulars	As at March 31, 2012	As at March 31, 2011
<b>Note 27 OTHER EXPENSES (Contd.)</b>		
Rent	34.18	40.06
Rates & Taxes	96.86	70.76
Information & technology Expenses	41.42	45.38
Audit Fees	23.00	17.60
Travelling Expenses	190.95	170.18
Postage Expenses	15.05	11.59
Internal Audit Fees	13.10	7.48
Legal Expenses	7.81	7.31
Director Sitting Fees	5.15	5.70
Security Transaction Tax	2.86	0.00
	<b>1,754.45</b>	<b>1,359.09</b>
<b>Manufacturing Expenses :</b>		
Power & Fuel	755.35	560.57
Consumption of Consumables	569.72	516.33
Pump Truck Expenses	240.44	266.97
Security Service Charges	227.67	93.44
Insurance Charges	203.44	135.16
Repairs & Maintenance - Vehicles & Others	175.23	194.12
Repairs & Maintenance - Civil	113.53	89.09
Repairs & Maintenance - P & M, Electricals	83.77	68.37
Factory Expenses	38.88	47.44
Excise Duty on Cl. St. Incr/Decr FG	11.62	-3.42
	<b>2,419.65</b>	<b>1,968.07</b>
<b>Selling Expenses :</b>		
Sales Tax ( Net ) **	4214.04	3814.62
Export Expenses	2467.89	2989.51
Transportation Charges	840.95	587.88
Sales / Agency Commission	559.17	568.54
Discounts and Settlements	437.06	582.51
Travelling Expenses	84.84	96.26
Sales Promotion Expenses	300.11	140.31
Misc. Sales Expenses	174.29	88.45
Bad Debts Written-Off	44.66	0.00
Advertisement Expenses	32.46	10.35
	<b>9,155.47</b>	<b>8,878.43</b>
<b>Other Expenses :</b>		
Loss on sale of Shares	43.41	3.87
Misc. Expenses	0.00	1.33
Derivative Loss	3.60	19.51
Project Material Cost	6.56	0.00
	<b>53.57</b>	<b>24.71</b>
	<b>13,383.14</b>	<b>12,230.30</b>

\*\* Sales Tax Subsidy reduced from Sales Tax





## Notes Attached to and Forming Part of the Balance Sheet (Contd.) As at March 31, 2012

### 27.1 Value of Imports on CIF basis in Respect of:

(Rs. in Lacs)

	2011-12	2010-11
Raw Materials & Stock in Trade	20,627.40	9,898.88
Capital Goods	622.35	4.99

### 27.2 Payment to Auditors as

(a) AUDITOR		
Statutory Audit Fees	23.00	17.60
Vat Audit Fees	2.25	2.00
(b) Certification	2.63	2.93
(c) Consultation & Others	3.75	-
<b>Total</b>	<b>31.63</b>	<b>22.53</b>

### 27.3 Expenditure in foreign currency

Ocean/ Air Freight	1,582.87	1,849.96
Other Clearing Exp	63.36	-
Consultancy Charges	56.24	-
Sales Commission	113.86	256.98
Sales Promotion Exp	152.05	104.63
Information Technology Exp	3.88	-
Bank Interest	708.36	333.79
Office Exp	2.32	-
Travelling Exp	26.33	-
Discount Given On Sales	47.91	-
Bank Charges	70.79	-
Other Exp	40.00	119.96

### Note 28 EXCEPTIONAL ITEMS

Loss on sales of Assets	7.42	0.00
Loss Of Asset Due To Impairment	307.62	0.00
	<b>315.04</b>	<b>0.00</b>

### Note 29 RELATED PARTY DISCLOSURES

As Per Accounting Standard 18 , the disclosures of transactions with the related parties are given below :-

(I) List of related parties where control exists & related parties with whom transactions have taken place & relationships :

#### SR NO. NAME OF RELATED PARTY

##### SUBSIDIARIES :

1. Economic Explosives Ltd
2. Solar Mines & Minerals Ltd
3. Solar Mining Resources Ltd
4. Navbharat Coalfields Ltd

##### OVERSEAS SUBSIDIARIES:

1. Solar Overseas Mauritius Ltd
2. Solar Explochem Mauritius Ltd
3. Solar Netherlands Corporate U.A
4. Solar Netherlands Overseas B.V.
5. ILCI Patlayici Maddeler Sanayi Ve Ticaret Anonim Sirketi
6. PATSAN Pattlayici Maddeler Sanayi Ve Ticaret
7. Solar Overseas Singapore Pte Ltd

## Notes Attached to and Forming Part of the Balance Sheet (Contd.) As at March 31, 2012

## Note 29 RELATED PARTY DISCLOSURES (Contd.)

8. Solar Nigachem Nigeria Ltd
9. Nigachem Nigeria Ltd
10. Solar Explochem Zambia Ltd
11. Solar Mining Services Australia Pty Ltd
12. Solar Nitrochemicals Ltd
13. PT. Solar Mining Resources
14. Solar Agro Florestal LDA
15. Solar Industries Mocambique LDA
16. Solar Recursos Minerals LDA
17. Solar Explochem (Ghana) Ltd

**ASSOCIATES:**

- 1 Solar Synthetic Pvt Ltd
- 2 Mahakal Infrastructures Pvt Ltd
- 3 Mahakal Project Pvt Ltd
- 4 Nagpur Infrastructure Pvt Ltd
- 5 Solar Bhatgaon Extension Mines Pvt Ltd
- 6 SMS Bhatgaon Mines Extension Pvt Ltd
- 7 Bhatgaon Extension Mines Pvt Ltd
- 8 Bhatgaon Mines Pvt Ltd
- 9 Solar Initiating Systems Ltd
- 10 Madanpur North Coalfields Ltd
- 11 Solar Processors Ltd
- 12 Australian Explosive Technologies Group Pty Ltd
- 13 Navbharat Fuse

**KEY MANAGEMENT PERSONNEL:**

1. Shri S.N. Nuwal
2. Shri K.C. Nuwal
3. Shri Manish Nuwal
4. Shri K.S. Talesra
5. Shri R.D. Vakil

## Transactions during the year with the related parties:

Nature of Transactions	Subsidiary		Associates/Related Concern		Key Management Personnel	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Purchase / Material Consumed	2,466.19	2,148.40	1.91	2.97	–	–
Revenue From Operations	4,183.98	5,564.89	–	–	–	–
Services Received	–	367.45	–	–	–	–
Loan Recd O/S ( LONG TERM)	2,500.00	–	–	–	–	–
Loan Recd O/S ( SHORT TERM)	1,964.51	537.90	612.83	7,418.72	–	–
Loan Given O/S ( LONG TERM )	529.86	–	8,930.86	1,137.02	–	–
Loan Given O/S ( SHORT TERM )	32.76	–	–	–	–	–
Interest Received	56.12	49.74	1,087.88	846.40	–	–
Interest Paid	265.85	–	123.90	77.00	–	–
Remuneration / Consultancy	–	–	–	–	698.73	532.80
Dividend Received	840.00	672.00	–	–	–	–
Discount Given	–	4.94	–	–	–	–
Technical Consultancy Income	11.29	–	–	–	–	–
Balance O/S	1,410.56	2,572.80	–	–	(294.30)	(226.41)



## Notes Attached to and Forming Part of the Balance Sheet (Contd.) As at March 31, 2012

(Rs. in Lacs)

	2011-12	2010-11
<b>Note 30 EARNINGS PER SHARE</b>		
(a) Net Profit After Tax as per Statement of Profit & Loss attributable to Equity Shareholders	6,088.60	5,029.35
(b) Weighted Average number of equity shares used as denominator for calculating EPS	173.24	173.24
(c) Basis & Diluted EPS	35.15	29.03
(d) Face Value per equity share	10.00	10.00

### Note 31 EARNINGS IN FOREIGN EXCHANGE

FOB value of exports	5,610.10	7,267.05
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### Note 32

As Per Accounting Standard (AS) 17 on " Segment Reporting ", segment information has been provided under the Notes to Consolidated Financial Statements.

### Note 33

#### Research and Development expenses incurred during the year :

- Rs. 153.91 lacs (Previous year Rs. 81.35 lacs) in the nature of revenue expenditure;
- Rs. 567.97 lacs (Previous year Rs. 37.53 lacs) in the nature of capital expenditure have been included under the appropriate account heads.

### Note 34 CONTINGENT LIABILITIES & COMMITMENTS

(Rs. in Lacs)

Particulars	F. Y. 11-12	F. Y. 10-11
1) IN RESPECT OF COUNTER GUARANTEES GIVEN BY BANK	3,077.62	3,038.79
2) IN RESPECT OF EXCISE MATTERS IN DISPUTE / UNDER APPEAL	488.52	261.71
3) IN RESPECT OF SALES TAX DEFEREMENT PAYABLE AS PER NPV BASIS – 536.05	1,323.56	2,076.18
4) IN RESPECT OF INCOME TAX MATTERS IN DISPUTE/ UNDER APPEAL	18.24	18.24
5) IN RESPECT OS SALES TAX MATTERS IN DISPUTE/ UNDER APPEAL	136.50	85.87
6) DUTY IMPOSED BY CCI FOR VOILATING SEC 3 OF COMPETION ACT **	1,134.00	–

\*\* The Competition Commission Of India (CCI) has upheld the contention of Coal India Ltd (CIL) against explosive manufactures. CIL had contended by the manufactures for collective boycott of electronic reverse auction held by CIL in January 2010 covered as violation under sec 3 of Competiton Act.

CCI has fined the ten explosives manufacturers 3% of the average of their annual turnover for the last three financial years , for violating sec 3 of the Competition Act.

The unanimous order of the CCI held that there was a concerted action among the explosives manufacturers not to participate in the CIL reverse auction , which resulted in a collective boycott of the auction & manipulation of the bidding process , in violation of sec 3(3)(b) of the Competition Act.

## Notes Attached to and Forming Part of the Balance Sheet (Contd.) As at March 31, 2012

## Note 35 Financial &amp; Derivatives Instruments

a) Derivative contracts entered into by the Company and outstanding as on 31st March, 2012.

i.) For hedging Currency and Interest Rate Related Risks:

Nominal amounts of derivative contracts entered into by the Company and outstanding as on 31st March amount to Rs. 9217 Lacs

(Previous Year Rs. NIL) Category wise break up is given below:

Particulars	(Rs. in Lacs)	
	As at March 31, 2012	As at March 31, 2011
Forward Contracts	9,217.00	-

b) Foreign Currency exposures that are not hedged by derivative instruments as on 31st March, 2012 amount to Rs NIL (Previous Year Rs. NIL).

## Note 36

The Ministry of Corporate Affairs, Government of India, vide General Circular No. 2 and 3 dated 8th February 2011 and 21st February 2011 respectively has granted a general exemption from compliance with section 212 of the Companies Act, 1956, subject to fulfillment of conditions stipulated in the circular. The Company has satisfied the conditions stipulated in the circular and hence is entitled to the exemption. Necessary information relating to the subsidiaries has been included in the Consolidated Financial Statement.

As per our report of even date.

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

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

Place: Nagpur  
Date: May 25, 2012

For and on behalf of the Board

**S.N. Nuwal**  
Director

**Khushboo Pasari**  
Company Secretary

**Manish Nuwal**  
Director



## Section 212

### Details of subsidiary Companies

(Rs. in Lacs)

Name of Subsidiaries	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.Ş.	PATLAYICI MAD. Ve SAN. TIC.A.Ş ILCI
Particulars	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR
Reporting Currency												
Exchange Rate												
Capital	480.00	5.00	5.00	5.02	4,324.80	3,930.46	1,671.81	239.06	1,369.98	3.85	841.53	2,297.95
Reserves	13,859.90	367.26	-	-	148.37	(150.70)	(79.69)	(9.29)	2,508.65	1,893.68	97.93	(209.15)
Total Assets	22,650.68	456.06	57.15	492.80	6,135.48	5,750.96	1,910.05	232.08	6,429.79	3,629.01	1,091.80	2,131.31
Total Liabilities	22,650.68	456.06	57.15	492.80	6,135.48	5,750.96	1,910.05	232.08	6,429.79	3,629.01	1,091.80	2,131.31
Details of Investments												
(Except Investment in subsidiaries)	0.10	-	-	207.46	-	-	-	-	-	-	-	-
Turnover	12966.70	1,753.82	-	-	2,540.88	-	-	-	7,425.69	6,916.44	1,970.71	-
Profit before Taxation	5,564.53	546.57	-	-	97.88	(62.27)	(71.40)	(4.65)	1,235.23	1,459.97	(21.36)	-
Provision for Taxation	1,864.81	176.39	-	-	2.95	-	-	-	380.86	-	0.11	-
Profit after Taxation	3,699.73	370.18	-	-	94.93	(62.27)	(71.40)	(4.65)	854.37	1,459.97	(21.47)	-
Proposed Dividend	-	-	-	-	-	-	-	-	-	-	-	-

The Ministry of Corporate Affairs, Government of India, vide General Circular No. 2 and 3 dated 8th February 2011 and 21st February 2011 respectively has granted a general exemption from compliance with section 212 of the Companies Act, 1956, subject to fulfillment of conditions stipulated in the circular. The Company has satisfied the conditions stipulated in the circular and hence is entitled to the exemption. Necessary information relating to the subsidiaries has been included in the Consolidated Financial Statements.

- |   |  |                                      |
|---|--|--------------------------------------|
| 1. M/s Solar Nitrochemicals Limited*      | 2. M/s Solar Nigachem Nigeria Limited*           | 3. M/s. P.T. Solar Mining Resources* |
| 4. M/s Solar Recusos 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* |                                      |
| 9. M/s Solar Explochem (Ghana) 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.

## Consolidated Auditor's Report

To  
The Members of  
Solar Industries India Limited

1. We have audited the attached Balance Sheet of SOLAR INDUSTRIES INDIA LTD. as at 31st March 2012, 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 2012 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, 2012;
    - (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*

Place : Nagpur  
Dated : May 25, 2012

M. No. 39895  
Firm Reg. No. 103031W



## Significant Accounting policies on Consolidated Accounts

### 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:

- a) 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.
- b) 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.
- c) 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.
- d) 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.
- e) Investment in Associate Companies has been accounted under the equity method as per (AS 23) – "Accounting for Investments in Associates in Consolidated Financial Statements".
- f) Investments other than in subsidiaries and associates have been accounted as per Accounting Standard (AS) 13 on "Accounting for Investments".
- g) As per management representation we have consolidated unaudited results of Overseas Subsidiary Solar Overseas Mauritius Ltd. & its fellow subsidiaries valued at historical cost basis.

## Consolidated Balance Sheet as at March 31, 2012

(Rs. in Lacs)

Particulars	Note No.	As at March 31, 2012	As at March 31, 2011
<b>CAPITAL AND LIABILITIES</b>			
<b>SHARE HOLDERS' FUND</b>			
Share Capital	1	1732.38	1,732.38
Reserves and Surplus	2	38727.64	29,871.58
		<b>40460.02</b>	<b>31,603.96</b>
<b>MINORITY INTEREST</b>			
		<b>3780.46</b>	<b>2745.27</b>
<b>NON-CURRENT LIABILITIES</b>			
Long -term borrowings	3	8260.22	4453.19
Deferred tax liabilities (net)		1960.73	1691.78
Other Long-term liabilities	4	2.06	2.06
Long-term provisions	5	143.84	498.98
		<b>10366.85</b>	<b>6646.01</b>
<b>CURRENT LIABILITIES</b>			
Short-term borrowings	6	20065.95	11121.98
Trade payables	7	7064.68	7612.46
Other current liabilities	8	6805.74	4936.56
Short-term provisions	9	1394.78	1432.67
		<b>35331.15</b>	<b>25103.67</b>
<b>Total</b>		<b>89938.48</b>	<b>66098.91</b>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed Assets			
Tangible Assets	10	28279.71	19537.58
Intangible asset-Goodwill		484.35	327.14
Capital Work-In-Progress	10	5030.60	2915.58
Non-current investments	11	861.58	796.39
Long-term loans and Advances	12	10147.73	10024.73
Other Non current Assets	13	1012.03	1241.87
		<b>45816.00</b>	<b>34843.29</b>
<b>CURRENT ASSETS</b>			
Current Investments	14	271.02	429.41
Inventories	15	12859.13	5920.87
Trade receivables	16	13932.36	9441.84
Cash and Bank Balance	17	6301.44	5962.89
Loans and Advances	18	4180.84	7505.49
Other Current Assets	19	6577.69	1995.12
		<b>44122.48</b>	<b>31255.62</b>
<b>Total</b>		<b>89938.48</b>	<b>66098.91</b>
Significant Accounting Policies			
Notes on Financial Statements	1 to 19		

As per our report of even date.

For **Gandhi Rathi & Co.,**  
Chartered AccountantsC.N. Rathi  
Partner  
Membership No.: 39895  
Firm Reg. No. 103031WPlace: Nagpur  
Date: May 25, 2012

For and on behalf of the Board

S.N. Nuwal  
Director  
  
Khushboo Pasari  
Company SecretaryManish Nuwal  
Director




**Consolidated Statement of Profit and Loss** for the year ended March 31, 2012

(Rs. in Lacs)

Particulars	Note No.	Year ended March 31, 2012	Year ended March 31, 2011
<b>INCOME</b>			
Revenue From Operations	20	103169.44	72426.26
Less: Excise duty/ Service Tax		6411.94	4340.73
		<b>96757.50</b>	<b>68085.53</b>
Other Income	21	2364.45	2516.83
<b>TOTAL REVENUE</b>		<b>99121.95</b>	<b>70602.36</b>
<b>EXPENDITURE</b>			
Cost of Material Consumed	22	46221.06	26760.75
Purchases of Stock in Trade		11403.66	11578.04
Changes in inventories of Finished Goods, Semi Finished			
Goods and Stock in Trade	23	-1546.26	-1095.96
Employee Benefit Expenses	24	4421.15	3130.29
Finance Costs	25	2357.58	1226.53
Depreciation		1278.13	766.21
Other Expenses	26	19154.25	15431.28
<b>TOTAL EXPENSES</b>		<b>83289.57</b>	<b>57797.14</b>
<b>Profit before exceptional and extraordinary</b>		<b>15832.38</b>	<b>12805.22</b>
Less: Exceptional Items	27	436.58	0.00
<b>PROFIT BEFORE TAXATION</b>		<b>15395.80</b>	<b>12805.22</b>
<b>Tax Expenses</b>			
Current Tax		3886.23	4213.04
Deferred Tax		267.16	257.76
Prior Period Tax		101.12	38.88
<b>Profit for the Year (Before Adjustment of Minority Interest)</b>		<b>11141.29</b>	<b>8295.54</b>
Less : Share of Profit Transferred to Minority Interest		1020.94	735.88
<b>Profit for the Year (After Adjustment of Minority Interest)</b>		<b>10120.35</b>	<b>7559.66</b>
<b>Earning per equity share of face value Rs. 10 each</b>		<b>58.42</b>	<b>43.64</b>
Significant Accounting Policies	20 to 41		
Notes to Financial Statements			

As per our report of even date.

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

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

Place: Nagpur  
Date: May 25, 2012

For and on behalf of the Board

**S.N. Nuwal**  
Director

**Khushboo Pasari**  
Company Secretary

**Manish Nuwal**  
Director

## Consolidated Cash Flow Statement for the year ended March 31, 2012

(Rs. in Lacs)

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Tax		15395.80
Adjustments for :		
Depreciation	1278.13	
Interest & Financial Expense	2357.58	
Stock Reserve	175.94	
Foreign Exchange Fluctuations	573.18	
Impairment of Assets	471.66	
		<b>4856.49</b>
<b>Operating Profit before working Capital Changes</b>		<b>20252.29</b>
(Increase)/Decrease in Sundry Debtors	4615.45	
(Increase)/Decrease in Inventories	6938.25	
(Increase)/Decrease in Loans & Advances	1380.91	
Increase/(Decrease) in Creditors, Credit Bal & Other Liabilities	-928.35	
		<b>12006.26</b>
<b>Cash Generated from Operations</b>		<b>8,246.03</b>
Deferred Tax	267.16	
Income Tax Paid	3886.23	
Prior period taxes	101.11	
		<b>4,254.50</b>
<b>Net Cash from Operating Activities</b>		<b>3,991.53</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Increase in Tangible Assets	10491.92	
Depreciation w/back	-	
Sale of Fixed Assets	-	
Increase in Capital Work in Progress	2115.02	
Increase in Investment	-93.2	
Increase in Other Non-Current Assets	56.07	
Goodwill	157.21	
<b>Net Cash from Investing Activities</b>		<b>12,727.02</b>


**Consolidated Cash Flow Statement (Contd.)** for the year ended March 31, 2012

(Rs. in Lacs)

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Bank Working Capital Loan	8943.97	
Increase/(Decrease) in Secured Loans	3807.03	
Repayment of Commercial Paper	0	
Repayment of Vehicle Loan	0	
Increase in Overseas Reserve	0	
Increase In Minority Interest	14.25	
Share of Profit transfer to Minority Interest	0	
Capital Reserve on consolidation	0	
Increase in Unsecured Loans	0	
Interest & Financial Expense	-2357.58	
Deferred Tax	268.95	
Interim Dividend	-866.19	
Proposed Dividend	-866.19	
Tax on Interim Dividend	-281.04	
<b>Net Cash from Financing Activities</b>		<b>8,663.20</b>
<b>Net Increase in Cash &amp; Cash equivalents</b>		<b>-72.29</b>

## Notes :

- 1) Cash & Cash equivalents at the beginning of period 6681.43  
Cash & Cash equivalents at the end of period 6609.14  
72.29
- 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.

As per our report of even date.

For **Gandhi Rathi & Co.**,  
Chartered AccountantsC.N. Rathi  
Partner  
Membership No.: 39895  
Firm Reg. No. 103031WPlace: Nagpur  
Date: May 25, 2012

For and on behalf of the Board

S.N. Nuwal  
Director  
  
Khushboo Pasari  
Company SecretaryManish Nuwal  
Director

Notes Attached to and Forming Part of the Consolidated Balance Sheet (Contd.) As at March 31, 2012  
(Rs. in Lacs)

Particulars	As at March 31, 2012	As at March 31, 2011
<b>Note 01 SHARE CAPITAL</b>		
<b>(a) Authorised Share Capital</b>		
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>
<b>(b) Reconciliation Statement of Shares Outstanding</b>		
Number of Shares at the beginning of the year	17323816	17323816
Add: Issued during the year		
<b>Number of Shares at the end of the year</b>	<b>17323816</b>	<b>17323816</b>

**Note 02 RESERVES AND SURPLUS**

(a) General Reserve	14753.67	9647.64
(b) Profit & loss Account	15684.18	12507.34
<b>CAPITAL RESERVE</b>		
(a) Security Premium Account	7790.33	7790.33
(b) State Capital Incentive	50.00	50.00
FOREIGN EXC FLUCTUATION RESERVES	449.46	-123.73
<b>Total</b>	<b>38727.64</b>	<b>29871.58</b>



Notes Attached to and Forming Part of the Consolidated Balance Sheet (Contd.) As at March 31, 2012  
(Rs. in Lacs)

Particulars	As at March 31, 2012	As at March 31, 2011
<b>Note 03 LONG TERM BORROWINGS</b>		
(a) SECURED LOANS		
1. FOREIGN CURRENCY TERM LOAN FROM BANKS*	7704.69	3526.29
(b) UNSECURED LOANS		
1. Sales Tax Deferral Loan #	555.53	918.99
2. Loan from Related Party	0.00	7.91
	<b>8260.22</b>	<b>4453.19</b>

(A) \*Term Loan amounting to 90 lakhs \$ referred to in (1) above are secured by Exclusive charge on the tangible movable & immovable fixed assets. The same is repayable in 7 Equal Semi annual instalment already started from 1st of Jan 2012

(B) \* First Pari Passu charge on the Company's present and future fixed assets, with minimum asset cover of 1.30 times of the outstanding amount at all points of time repayable in 4 equal annual instalments commence from July 2013

<b>Note 04 OTHER LONG-TERM LIABILITIES</b>		
Unpaid dividends	1.89	1.89
Application money received for allotment of securities and due for refund and interest accrued there on	0.17	0.17
	<b>2.06</b>	<b>2.06</b>

<b>Note 05 LONG TERM PROVISIONS</b>		
Provisions For Employees Benefits-Gratuity Payable	0.00	144.59
Others Payable	143.84	354.39
	<b>143.84</b>	<b>498.98</b>

\* During the year company has deposited amount with LIC Gratuity Fund, hence no liability exist

<b>Note 06 SHORT-TERM BORROWINGS</b>		
<b>SECURED LOANS</b>		
<b>CASH CREDIT</b>		
RUPEE LOAN FROM BANK	806.81	799.74
FOREIGN CURRENCY LOAN FROM BANK	10856.55	6847.40
<b>DEMAND LOAN</b>		
Against FDR	585.92	1315.30
<b>Buyers Credit Loan</b>		
Foreign Currency Loan from Bank	6742.46	-
	<b>18991.74</b>	<b>8962.44</b>
<b>UNSECURED LOANS</b>		
From Related Party	1074.21	2159.54
	<b>20065.95</b>	<b>11121.98</b>

\* Working Capital loans are secured by hypothecation of entire stocks, raw material, stock in progress, finished goods, consumables, stores & spares, book debts, outstanding money receivables, entire current asset of company - current & future, pari passu second charges on fixed asset, claims & bills, receivables personal guarantee of Directors - Shri S.N. Nuwal, Shri K.C. Nuwal

# Primary security of FDR of Rs 750 Lakhs

Notes Attached to and Forming Part of the Consolidated Balance Sheet (Contd.) As at March 31, 2012  
(Rs. in Lacs)

Particulars	As at March 31, 2012	As at March 31, 2011
<b>Note 07 TRADE PAYABLES</b>		
Creditors for Goods	6802.27	7498.41
Micro Small & Medium Enterprises	262.41	99.96
Related Party	0.00	14.09
	<b>7064.68</b>	<b>7612.46</b>

**Note 08 OTHER CURRENT LIABILITIES**

Current Maturity of long term Debt-Figure Required	1308.34	582.86
Others Payables *	2612.50	1986.31
Interest accrued on borrowings	93.39	59.24
Creditors for Fixed Assets	64.83	249.07
Advances received from Customers	1017.25	1093.53
Creditors for Transporter & Other	1630.73	965.55
Sales Tax Deferement	78.70	0.00
	<b>6805.74</b>	<b>4936.56</b>

\* Other Payables includes Statutory dues &amp; Expenses Payable.

**Note 09 SHORT TERM PROVISIONS**

Provision for employee benefits	230.96	164.80
Others	1163.82	1267.87
	<b>1394.78</b>	<b>1432.67</b>

**Note 10 FIXED ASSETS**

(Rs. in Lacs)

Assets	Gross Block as on 01.04.2011	Additions/ during period	Deductions during period	Gross Block as on 31.03.2012	Depreciation		Deductions during the period	Depreciation Up to 31.03.2012	Net Block	
					Up on 01.04.2011	during the period			As on 01.04.2011	As on 31.03.2012
Land	1277.43	3091.40	0.00	4368.83	0.00	0.00	0.00	0.00	1277.43	4368.83
Plot	285.18	0.00	0.00	285.18	0.00	0.00	0.00	0.00	285.18	285.18
Civil construction	8852.72	3137.70	89.01	11901.39	1055.33	255.62	34.02	1276.93	7797.39	10624.45
Office building	473.83	0.00	0.00	473.83	13.62	16.01	0.00	29.63	460.21	444.20
Plant & Machinery	9457.54	3126.36	599.02	11984.88	2163.19	534.16	314.34	2383.01	7294.35	9601.87
Furniture & Fixtures	210.88	59.81	0.00	270.70	64.16	14.29	0.00	78.45	146.72	192.26
Electric installation	0.00	102.50	0.00	102.50	0.00	9.86	0.00	9.86	0.00	92.65
Office equipment	551.32	144.82	0.65	695.49	249.20	54.56	0.15	303.61	302.12	391.88
Vehicles	2995.49	829.33	312.31	3512.52	1031.07	393.63	180.82	1243.88	1964.42	2268.63
Plantation	9.76	0.00	0.00	9.76	0.00	0.00	0.00	0.00	9.76	9.76
	<b>24114.15</b>	<b>10491.92</b>	<b>1000.99</b>	<b>33605.08</b>	<b>4576.57</b>	<b>1278.13</b>	<b>529.33</b>	<b>5325.37</b>	<b>19537.58</b>	<b>28279.71</b>

**1. Capital Work in Progress includes:**

	31.03.2012
Project Development Expenditure	1432.34
Machinery under Installation	1119.00
Furniture & fixture under Installation	113.02
Building Under Construction	2292.81
Vehicles	73.43
<b>Total</b>	<b>5030.60</b>



## Notes Attached to and Forming Part of the Consolidated Balance Sheet (Contd.) As at March 31, 2012

### Note 11 NON-CURRENT INVESTMENTS

#### (A) Trade Investment In Shares at Cost In Equity Shares- Quoted

(Rs. in Lacs)

Particulars	As at	As at
	March 31, 2012	March 31, 2011
987 Shares of Reliance Industrial Infrastructure Ltd.	23.90	23.90
5331 Shares of Murli Industries Ltd.	4.29	4.29
2993 Shares of Sangam (India) Ltd.	1.72	1.72
	<b>29.91</b>	<b>29.91</b>

#### In Equity Shares - Unquoted

Equity share - 250000 Nos. @ of Rs 10 each held in Rainbow Production Ltd	25.00	25.00
Equity share - 200 Nos. @ of Rs 10 each held in Shree Salasar Creation P Lts	0.02	0.02
Equity share - 110000 Nos. @ of Rs 10 each held in Ganga Care Hospital Ltd	11.00	11.00
	<b>36.02</b>	<b>36.02</b>

#### In Equity Shares of Associate Companies UnQuoted, fully paid up

Equity share - 490000 Nos. @ of Rs 10 each held in SMS Bhatgaon Mines Extension Pvt Ltd	49.00	49.00
Equity share - 490000 Nos. @ of Rs 10 each held in Solar Bhatgaon Extension Mines Pvt Ltd	49.00	49.00
2038608 no. of Equity shares @ 10 each of Madanpur (North) Coal Company Pvt. Ltd. (120564 shares allotted during the year)	203.86	191.80
Share Application Money with Madanpur (North) Coal Company Pvt Ltd	3.60	0.00
AUSTRALIAN EXPLOSIVE TECH. Gr. Pty. Ltd.	200.79	175.96
	<b>506.25</b>	<b>465.76</b>

#### In Equity Shares of Subsidiaries Companies UnQuoted, fully paid up

Equity share - 3700 Nos. @ of Rs 10 each held in Solar Agro Florestal LDA	0.37	0.37
Equity share - 3700 Nos. @ of Rs 10 each held in Solar Industrias LDA	0.37	0.37
Equity share - 3700 Nos. @ of Rs 10 each held in Solar Recursos Mineral LDA	0.37	0.37
SOLAR Mining Services Australia Pty LTD.	20.39	0.04
NKS Pattayici	0.00	73.15
	<b>21.50</b>	<b>74.30</b>

#### (B) Investment in Government or trust Securities

NSC	0.40	0.40
	<b>0.40</b>	<b>0.40</b>

Notes Attached to and Forming Part of the Consolidated Balance Sheet (*Contd.*) As at March 31, 2012  
(Rs. in Lacs)

Particulars	As at March 31, 2012	As at March 31, 2011
<b>Note 11 NON-CURRENT INVESTMENTS (<i>Contd.</i>)</b>		
<b>(C) In Mutual Funds at cost (Valued at Cost)</b>		
Kotak Private Equity Bond	267.50	190.00
	<b>267.50</b>	<b>190.00</b>
<b>Grand Total (A+B+C)</b>	<b>861.58</b>	<b>796.39</b>

**Note 12 LONG TERM LOANS AND ADVANCES**

Unsecured, considered good		
Capital Advances		
– Others	196.81	602.08
Related Party (see note No. 48)	0.00	4.35
– loans & Advances		
– To, Related Party (See note no. 40 )	8971.93	8898.31
– To, Other	681.21	174.20
Security Deposit & other Deposit		
– Others	297.78	345.79
	<b>10147.73</b>	<b>10024.73</b>

**Note 13 OTHER NON CURRENT ASSET**

Misc. Expenses to the extent not written off	339.58	283.51
Bank Deposit above 12 Month Maturity	307.69	718.54
Trade Receivable (Above 12 months)		
– Other	178.44	53.50
– Related Party (See Note no. 40)	186.32	186.32
	<b>1012.03</b>	<b>1241.87</b>





Notes Attached to and Forming Part of the Consolidated Balance Sheet (Contd.) As at March 31, 2012  
(Rs. in Lacs)

Particulars	As at March 31, 2012	As at March 31, 2011
<b>Note 14 CURRENT INVESTMENTS</b>		
<b>(A) Trade Investment In Shares at Cost</b>		
<b>In Equity Shares- Quoted</b>		
1000 Shares of Goldman Sachs Gold Exchange Traded Scheme	26.99	0.00
45658 shares of PREMEXPLQ	32.87	0.00
1000 shares of Bgr Energy Systems L	3.27	5.83
5000 shares of Bharti Shipyard	3.99	11.86
1941 shares of Central Bank Ltd	1.95	3.33
12500 Shares of Cranes Software Fv 5	0.36	0.63
2000 shares of Deepak Fertilizers	3.02	0.00
3500 Shares of Edserv Softsystems L	1.00	6.56
3000 Shares of IL Fs Transport.NETW	5.80	8.25
10200 Shares of Jai Corporation Fv1	8.87	20.68
64081 Shares of Keltech Energies	168.65	5.56
20623 Shares of Malu Paper Mills Ltd	1.87	3.76
217 Shares of Religare Nifty ETF	1.12	0.00
5000 Shares of Shree Ashtavinayak	0.18	0.49
5250 Shares of Sterlite Ind Fv2	5.52	13.04
1000 Shares of Tata Iron Steel Co	4.72	0.00
Sbi Mutual Fund	0.00	300.00
1250 Shares of Maruti Suzuki India	0.00	28.26
10000 Shares of India Infoline	0.00	8.33
100 Shares of IDBI	0.00	0.14
1000 Shares of Ranbaxy Lab	0.00	4.44
275 Shares of Mahindra & Mahindra	0.00	2.12
2 Shares of The Orissa Minerals	0.00	1.20
500 Shares of Housing Development Finance Corporation	0.00	0.99
250 Shares of Punjab National Bank	0.00	2.83
10000 Shares of Wire And Wireless	0.84	1.11
<b>Tata</b>	<b>271.02</b>	<b>429.41</b>

**Note 15 INVENTORIES** (Valued at weighted average cost basis)

Raw Materials, Packing Materials & Consumables	9738.85	3378.57
Stock in Trade -(Traded Goods )	14.37	187.87
Semi Finished Goods	197.78	129.87
Finished Goods	2834.58	2194.78
Scrap	24.10	23.02
Goods in transit	21.80	0.00
Stock in (Bags)	27.65	6.76
	<b>12859.13</b>	<b>5920.87</b>

Notes Attached to and Forming Part of the Consolidated Balance Sheet (*Contd.*) As at March 31, 2012

Particulars	(Rs. in Lacs)	
	As at March 31, 2012	As at March 31, 2011
<b>Note 16 DEBTORS &amp; DEBIT BALANCES</b>		
(a) Over 6 Months (Unsecured)		
Considered Good		
– Other	2527.91	1431.44
(b) Others (Unsecured)		
Considered Good		
– Other	11404.45	8010.40
	<b>13932.36</b>	<b>9441.84</b>

**Note 17 CASH AND CASH EQUIVALENTS**

Cash and Cash Equivalent		
Balances with Banks:		
In Current Accounts	1327.36	1388.89
Cash on hand	57.41	98.50
Other Bank Balances		
In Fixed Deposit ( Below 12 Months )	4916.67	4475.50
	<b>6301.44</b>	<b>5962.89</b>

- \* (i) Fixed Deposit with bank include deposit of Rs 235.52 Lakhs maturity more than 12 months & held as security against borrowing of less than 12 months period
- (ii) FDR of Rs 1487.02 Lakhs held as margin money or security against the borrowing & other commitments of less than 12 months period
- (iii) FDR of Rs 750 Lakhs maturity less than 12 months held as margin money against borrowing

**Note 18 SHORT TERM LOANS AND ADVANCES**

Unsecured, considered good		
Loans & Advances to Employees	92.36	234.65
Material Supplier	990.00	969.37
Related parties (see note no. 40)	442.74	13.52
other advances	2655.74	6287.95
	<b>4180.84</b>	<b>7505.49</b>


**Notes Attached to and Forming Part of the Consolidated Balance Sheet (Contd.)** As at March 31, 2012

(Rs. in Lacs)

Particulars	As at March 31, 2012	As at March 31, 2011
<b>Note 19 OTHER CURRENT ASSETS</b>		
Balance with Revenue Authority	5250.86	1818.57
Other Receivable	45.78	0.00
Interest Accrued but not due	1085.71	10.82
Prepaid Expenses	195.34	165.73
	<b>6577.69</b>	<b>1995.12</b>

**Note 20 REVENUE FROM OPERATIONS**

<b>Revenue from Operations :</b>		
Sale of products	102152.72	72010.45
Sales of Services	1016.72	415.81
	<b>103169.44</b>	<b>72426.26</b>
Less: Excise Duty / Service Tax	6411.94	4340.73
<b>Total</b>	<b>96757.50</b>	<b>68085.53</b>

**Note 21 OTHER INCOME**

<b>Interest Income</b>		
Interest From FDR	448.77	301.21
Interest from Other	1567.96	2042.90
<b>Dividend Income</b>		
From Other	8.18	1.37
<b>Other Miscellaneous Income</b>		
Income from Exchange Rate Fluctuation	26.74	5.33
	312.80	166.02
	<b>2364.45</b>	<b>2516.83</b>

**Note 22 COST OF MATERIALS CONSUMED**

<b>Raw material consumed</b>		
Opening inventory	3086.31	2649.21
Add : Purchases (net)	49014.95	24607.07
Less : Inventory at the end of the year	8656.91	2507.73
Cost of raw materials consumed during the year	43444.35	24748.55
<b>Packing material consumed</b>		
Opening inventory	97.46	211.18
Add : Purchases (net)	2909.73	1898.48
Less : Inventory at the end of the year	230.48	97.46
Cost of packing materials consumed during the	2776.71	2012.20
	<b>46221.06</b>	<b>26760.75</b>

## Notes Attached to and Forming Part of the Consolidated Balance Sheet (Contd.) As at March 31, 2012

Particulars	(Rs. in Lacs)	
	As at March 31, 2012	As at March 31, 2011
<b>Note 23 CHANGES IN INVENTORY OF FINISHED GOODS AND WORK IN PROGRESS</b>		
Increase/Decrease in Stocks	-1546.26	-1095.96
<b>Note 24 EMPLOYEE BENEFITS EXPENSE</b>		
Salaries, Wages and Bonus	4097.05	2956.53
Contribution to Provident and Other Funds	188.56	73.51
Gratuity	52.97	46.52
Staff Welfare Expenses	82.57	53.73
<b>Total</b>	<b>4421.15</b>	<b>3130.29</b>
<b>Note 25 FINANCE COSTS</b>		
Interest on Working Capital	1403.99	902.59
Other Borrowing Cost	311.73	376.11
Loss from Exchange Rate Fluctuation	641.86	-52.17
<b>Total</b>	<b>2357.58</b>	<b>1226.53</b>
<b>Note 26 OTHER EXPENSES</b>		
Administrative Expenses :		
Audit Fees	49.30	35.93
Consultancy Charges	255.59	327.84
Conveyance Expenses	200.20	159.51
Donation	214.10	49.89
General Administration Expenses	434.65	220.98
Internal Audit Fees	19.10	12.45
Office Expenses	207.47	63.55
Rates & Taxes	198.99	150.66
Remuneration to Directors	730.07	548.80
Telephone Expenses	73.87	49.91
<b>Total</b>	<b>2383.34</b>	<b>1619.52</b>


**Notes Attached to and Forming Part of the Consolidated Balance Sheet (Contd.)** As at March 31, 2012

(Rs. in Lacs)

Particulars	As at March 31, 2012	As at March 31, 2011
<b>Note 26 OTHER EXPENSES (Contd.)</b>		
<b>Manufacturing Expenses :</b>		
CHA charges	486.85	386.40
Consumption of Consumables	767.79	796.03
Excise Duty on Cl. St. Incr/Decr FG	15.25	18.98
Factory Expenses	159.04	98.36
Insurance Charges	308.02	189.61
Power & Fuel	956.69	676.64
Pump Truck Expenses	303.48	299.47
Repairs & Maintenance	614.00	438.47
Security Service Charges	292.96	130.42
Warehouse Rent	167.69	67.65
	0.00	0.00
<b>Total</b>	<b>4071.77</b>	<b>3102.03</b>
<b>Selling Expenses :</b>		
Bad Debts Written-Off	51.19	0.00
Discounts and Settlements	485.03	687.83
Export Expenses	2957.30	3283.52
Misc. Sales Expenses	316.73	208.51
Sales / Agency Commission	665.29	704.27
Sales Promotion Expenses	326.47	154.86
Sales Tax ( Net )	5758.66	4636.29
Transportation Charges	1667.12	636.16
Travelling Expenses	396.54	322.07
Works Contract Tax	14.65	4.24
<b>Total</b>	<b>12638.98</b>	<b>10637.75</b>
<b>Other Expenses :</b>		
Derivative Loss	3.60	19.51
Loss on sales of Assets	7.77	1.26
Foreign Exchange Difference Loss	-1.74	4.01
Loss on Shares	43.42	3.86
Misc. Expenses written off	0.54	43.34
Project Material Cost	6.57	0.00
<b>Total</b>	<b>60.16</b>	<b>71.98</b>
<b>Grand Total</b>	<b>19154.25</b>	<b>15431.28</b>
<b>Note 27 EXCEPTIONAL ITEMS</b>		
Loss on sales of Assets	7.41	0.00
Loss Of Asset Due To Impairment	429.17	0.00
	<b>436.58</b>	<b>0.00</b>

## Notes Attached to and Forming Part of the Consolidated Balance Sheet (Contd.) As at March 31, 2012

### Note 28 BASIS OF PREPARATION OF FINANCIALS STATEMENTS

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in India for the year ended 31ST March 2012.

### Note 29 DESCRIPTION OF BUSINESS

Solar Industries India Limited Ltd., 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.

### Note 30

Financial & Derivative Instrument are given in Standalone.

### Note 31 EFFECTS OF CONSOLIDATION

As a result of consolidation, the following are the eliminations as a result of intra group transactions in the year ended 31st March, 2012

(Rs. in 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	4183.98	2466.2	11.29			265.85	840.00	
Economic Explosives Ltd.	3293.3	648.24			265.85			840.00
Solar Mining Resources Ltd.	737.1							
Nigachem Nigeria Ltd.		2388.22		11.29				
Solar Explochem Zambia Ltd.		2711.73						

### Note 32 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.

### Note 33 JOINT VENTURE

Company has made investment during 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%

### Note 34 OVERSEAS OPERATIONS

- During the year under review, company's step down subsidiary Solar Overseas Netherland BV has acquired 1651 no. of shares in İLCİ PATLAYICI MAD.SAN.TİC.A.Ş. The stake of Solar Overseas Netherland BV in İLCİ PATLAYICI MAD.SAN.TİC.A.Ş has increased from 54% to 74.5%.
- During the year under review, company's step down subsidiary Nigachem Nigeria Ltd. allotted 90,909,091 additional shares to Nigerian Shareholders. This additional allotment has reduced the stake of Solar Overseas Netherland Cooperatie U.A. from 70% to 55%.



## Notes Attached to and Forming Part of the Consolidated Balance Sheet (Contd.) As at March 31, 2012

### Note 35 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

	31.03.2012	31.03.2011
Net Profit for the year attributable to equity shareholders (Rupees in lacs)	10120.35	7559.66
Weighted Average No of Shares (In Lacs)	173.24	173.24
Earning per Share (Rupees)	58.42	43.64

### Note 36 CONTINGENT LIABILITY

	(Rs. in Lacs)	
	FY 2011-12	FY 2010-11
01. In respect of of counter guarantees given to Bank.	3702.69	3415.01
02. In respect of Excise matters in dispute / under Appeal	679.96	326.53
03. In respect of Sales Tax matter (Deferment)	1343.05	2076.18
04. In respect of Income Tax matters in dispute / under Appeal	18.24	18.24
05. In respect of Sales Tax matters in dispute / under Appeal	136.50	85.87
06. Duty imposed by CCI for violating Sec.3 of Competition Act **	1134.00	–

\*\* The Competition Commission Of India (CCI) has upheld the contention of Coal India Ltd (CIL) against explosive manufactures. CIL had contended that the manufacturers acted collectively to boycott the electronic reverse auction held in January 2010 and was in violation of Sec 3 of the competition Act. The report of the Director General Investigation, CCI, had found no violation of Section 3(3)b & 3(3)d as there was no evidence of collusive action by manufacturers. CCI has fined the ten explosives manufactures 3% of the average of their annual turnover for the last three financial years, for violating sec 3 of the Competition Act. We have been advised by Legal Counsel to prefer an appeal in the COMPAT which we will be doing soon.

In earlier year the Company has supplied explosives to Coal India Ltd from 01.03.06 to 30.06.06 as per old rate contract rates on confirmation from Coal India Ltd that new rate contract will be issued effective from 01.03.06 Coal India Ltd has issued new rate contract w.e.f 29.07.06 without covering the period From 01.03.06 to 30.06.06. 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 till the matter is settled.

### Note 37

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

### Note 38 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.

### Note 39

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.

## Notes Attached to and Forming Part of the Consolidated Balance Sheet (Contd.) As at March 31, 2012

## Note 39 (Contd.)

Particulars	SIIL Consolidated for the year ended	
	31.03.2012	31.03.2011
<b>1. Segment Revenue</b>		
a. Explosives	86678.35	59695.80
b. Trading	9978.01	7871.57
c. Others	101.14	518.16
<b>Total</b>	<b>96757.50</b>	<b>68085.53</b>
Less: Inter segment revenue	–	–
Revenue from Sales & other Income and exchange fluctuation gains	96757.50	68085.53
<b>2. Segment Results</b>		
Profit/(loss) (before tax and interest from each segment)		
a. Explosives	15305.76	11490.92
b. Trading	26.30	(35.27)
c. Other	56.86	59.28
<b>Total</b>	<b>15388.92</b>	<b>11514.93</b>
Less:		
(i) Interest paid (net of interest received)	2357.58	1226.53
(ii) Other un-allocable expenditure net off un-allocable income	(2364.45)	(2516.82)
<b>Total Profit Before Tax</b>	<b>15395.79</b>	<b>12805.22</b>
<b>3. Capital Employed</b>		
a. Explosives	42101.63	28605.21
b. Trading	0.00	0.00
c. Others	0.00	0.00
<b>Total</b>	<b>42101.63</b>	<b>28605.21</b>

## Note 40 RELATED PARTY DISCLOSURES

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 31.03.2012

1. Holding Company	:	NIL
2. Subsidiaries	:	a) Economic Explosives Ltd. b) Solar Minies & Minerals Ltd. c) Solar Mining Resources Ltd. d) Navbharat Coalfields Ltd.
3. Fellow Subsidiaries	:	NIL
4. Overseas Subsidiaries	:	a) Solar Overseas Mauritius Ltd. 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 Corporate U.A. c) Solar Netherlans Overseas B.V. d) ILCI Patlayici Maddeler Sanayi Ve Ticaret Anonim Sirketi e) PATSAN Pattlayici Maddeler Sanayi Ve Ticaret f) Solar Overseas Singapore Pte Ltd g) Solar Nigachem Nigeria Ltd h) Nigachem Nigeria Ltd





## Notes Attached to and Forming Part of the Consolidated Balance Sheet (Contd.) As at March 31, 2012

### Note 40 (Contd.)

		l) Solar Explochem Zambia Ltd
		j) Solar Mining Services Australia Pty Ltd
		k) Solar Nitrochemicals Ltd
		l) Solar Explochem (Ghana) Ltd
6. Associates	:	a) Solar Synthetic Pvt.Ltd.
		b) Mahakal Infrastructures Pvt.Ltd.
		c) Mahakal Project Pvt.Ltd.
		d) Nagpur Infrastructure Pvt.Ltd.
		e) Solar Bhatgaon Extension Mines Pvt.Ltd.
		f) SMS Bhatgaon Mines Extension Pvt.Ltd.
		g) Bhatgaon Extension Mines Pvt.Ltd.
		h) Bhatgaon Mines Pvt.Ltd.
		i) Solar Initiating Systems Ltd.
		j) Madanpur North Coalfields Ltd.
		k) Solar Processors Ltd.
		l) Australian Explosive Technologies Group Pty.Ltd
		m) Navbharat Fuse Co.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

### Note 41

The Audited / Un audited financial statement of foreign subsidiaries /associates have been prepared in accordance with they Generally Accepted Accounting Principle of its Country of Incorporation or International Financial Reporting Standards. The difference in accounting policies of the Company and its subsidiaries are not material.

As per our report of even date.

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

C.N. Rathi  
Partner  
Membership No.: 39895  
Firm Reg. No. 103031W

Place: Nagpur  
Date: May 25, 2012

For and on behalf of the Board

S.N. Nuwal  
Director  
  
Khushboo Pasari  
Company Secretary

Manish Nuwal  
Director









SOLAR

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.

Table with 4 columns: Name and Address of the Member, Registered Folio Number, Client ID and DP ID Number, Number of Shares held.

I/We hereby record my/our presence at the 17th Annual General Meeting of the Company to be held at Saturday, August 11, 2012 at Hotel Tuli Imperial, Central Bazar, Ramdaspath, Nagpur – 440 010, Maharashtra

Signature of the Member or the Proxy Attending the Meeting

Table with 2 columns: If Member, please sign here, If Proxy, please sign here.

Note: Members are requested to bring their copies of Notice and 17th Annual Report to the Meeting as the same will not be circulated at the meeting.



SOLAR

SOLAR INDUSTRIES INDIA LIMITED

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

PROXY FORM

Folio Number \_\_\_\_\_ Client ID number and DP ID number \_\_\_\_\_

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 17th Annual General Meeting of the Company to be held at Hotel Tuli Imperial, Central Bazar, Ramdaspath, Nagpur – 440 010, Maharashtra and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2012

Affix One Rupee Revenue Stamp here and 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.







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