

# ASPIRE. **AIM.** ACHIEVE...



## DISCLAIMER

In this annual report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically make contain forward-looking statements that set out anticipated results based on the management’s plans and assumptions. We have tried wherever possible to identify such statements by using words such as ‘anticipates’, ‘estimates’, ‘expects’, ‘projects’, ‘intends’, ‘plans’, ‘believes’ and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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# CORPORATE INFORMATION

## Board of Directors

Shri Satyanarayan Nuwal, Chairman and Executive Director  
Shri Kailashchandra Nuwal, Executive Director  
Shri Manish Nuwal, Executive Director  
Shri Kundan Singh Talesra, Executive Director  
Shri Roomie Dara 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 Amrendra Verma, Non-Executive Independent Director

### Compliance Officer

Shri Nilesh Panpaliya

### Company Secretary

Mrs. Khushboo Pasari

### Statutory Auditors

M/s Gandhi Rathi & Co.

### Bankers

State Bank of India

Bank of India

ICICI Bank

DBS Bank

HDFC Bank Ltd.

Yes Bank

IndusInd 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

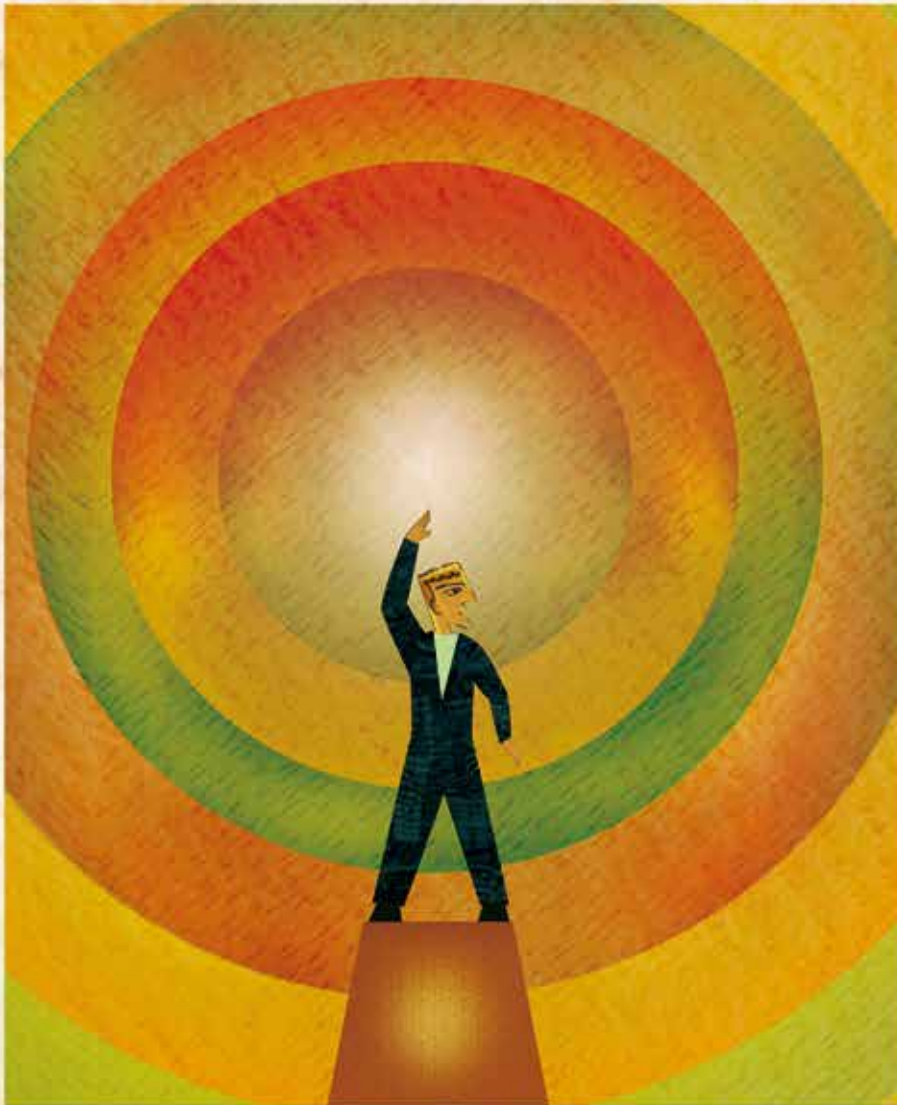
Shri Anant Sagar Awasthi Chairman

Shri Satish Chander Gupta Member

Shri Dilip Patel Member

### Grievance Redressal Division

investor.relations@solargroup.com

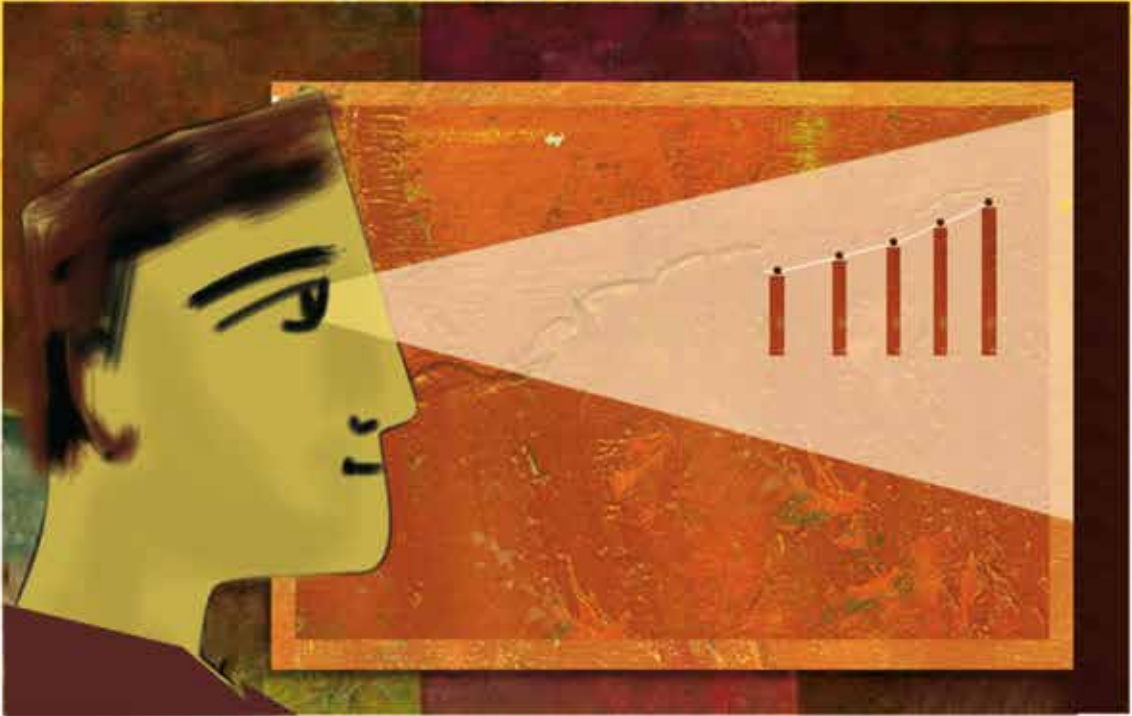


In 2012-13, the global economy was affected by weak consumer sentiment, demand sluggishness, high interest rates and a weak capital market.

Even as the environment was challenging, the time was just right for an attitudinal change by progressive companies. A new responsiveness. A need for fresh ideas to be implemented into action.

At Solar, we delivered an improved performance that can be ascribed to three simple words.

**ASPIRE. AIM. ACHIEVE.**



At Solar ...

...We **aspired** to report substantial growth despite the prevailing economic downtrend.

...We **aimed** to enhance value across products, markets, customers and the economic cycle.

...We **achieved** creditable growth over the previous financial year that was also higher than the industry average.

In line with the theme of this year's report - 'Aspire. Aim. Achieve.'- we were able to build capacities and capabilities to capitalise on a projected sectoral rebound.

## Vision

To emerge as a premier explosives and explosive accessories manufacturer globally; focusing on delivering innovation, diversity, quality in our uniquely customised products and services.

## Mission

- We will provide innovative technology and services through research and development.
- We will strive to contain product and service costs through constant re-engineering and improvement in all business processes.
- We will ensure high quality delivery of services offering exemplary technical, safety administrative and professional excellence with commitment to environmental safeguards.
- We will forge and nurture alliances that are complimentary to the Company's global ambitions.
- We will retain our responsive, efficient and effective processes and services to realise our vision at all times.

## Expanding footprints

- The Company has evolved from a trader in explosives into a holistic integrated industrial explosives manufacturer.
- The Company has transformed from a modest scale into the largest Indian manufacturer and exporter of industrial explosives. The Company has widened its exports to 20 countries. The Company has graduated from a single, India-centric presence to 17 domestic locations and three international locations (Nigeria, Zambia and Turkey).

■ The Company has transformed from a modest presence into one with a ~30% share of the Indian industrial explosives market and a ~57 % share of industrial explosive exports from India.

## Listing

- The Company's shares are actively traded on the Bombay Stock Exchange (BSE) and National Stock Exchange. The Company's scrip has been included in the BSE500 index.

## Awards and Certifications

- The Company has been recognised by CAPEXIL for its exports to more than 20 countries.
- The Company received the Sartaj award from RCF for the highest offtake of Ammonium Nitrate.
- The Company's plants are certified for ISO 9001:2000, ISO 14001:2004 and OHSAS 18001:2007.
- The Company's products, exported to Europe, possess the CE certification.



## OUR BUSINESS MODEL

Solar Industries is the largest industrial explosives manufacturer in India and one of the fastest growing companies in this sector. Over the years, the Company leveraged its competitive advantage - high quality, entire product range, efficient manufacturing, large capacity and integration – to emerge as the largest sectoral exporter from India. The Company is now extending from its longstanding explosives segment presence to the manufacturing of products used in the Defence industry.

### Locational approach

Solar has selected locations on the basis of the nature of the product manufactured. For instance, to facilitate bulk deliveries, the Company constructed its bulk explosives plants near mines across the country and its cartridge and initiating system plant in a centralised location. The proximity to mines enhanced closeness to large institutional customers, making it possible to service customers with prompt

delivery and shorter delivery lead times. The Company operated plants across 17 domestic manufacturing locations in 2012-13.

### Integration

Solar has progressively invested in backward integration. The interdependence of multiple products has translated into a cost advantage and the ability to deliver multiple products based on their respective trends.

### Dispersed

Solar is a global Company of Indian origin. The Company recognised that sustainable growth would best be derived from an expanding global footprint that would make it possible to de-risk from revenues being concentrated in a specific geography. In view of this, the Company established itself in countries having end product requirements similar to India. The Company's manufacturing facilities are



present in 3 other countries and export its products to 20 countries.

### Credibility

Solar is a responsible corporate citizen. Being in a business marked by the use of hazardous processes and materials, the Company has invested extensively in safety processes across 17 manufacturing locations.

The Company obtained credible certifications (ISO 9001:2000, ISO 14001:2004, OHSAS 18001:2007 and CE certification) that helped benchmark processes and standards with the best in the world. The Company is also a member of SAFEX, an apex body reporting and promoting best practices on safety standards in the global explosives industry.

### Adjacent expansion

Solar recognises that growth can come from a linear increase in installed capacity across existing products and a lateral capacity increase through the manufacture of adjacent products. The Company is planning to foray into the manufacture of products used in the Defence sector, leveraging existing competencies.

Products	Licensed Capacity	End user industry
Bulk explosives	208238 MT capacity	Large open cast mines of coal, zinc, iron and limestone
Cartridge explosives	74655 MT capacity	Mining, underground mining, infra-structure projects, tunnelling, well sinking, quarrying and seismic exploration
Detonators	190 million	To initiate explosives
Detonating fuses	75 million metres	To initiate explosives
Cast booster	1500 MT capacity	To initiate explosives

Promoters' holding\*

**71.72%**

Appreciation in market capitalisation 2012-13\*

**23.35%**

Market capitalisation, FY13\*

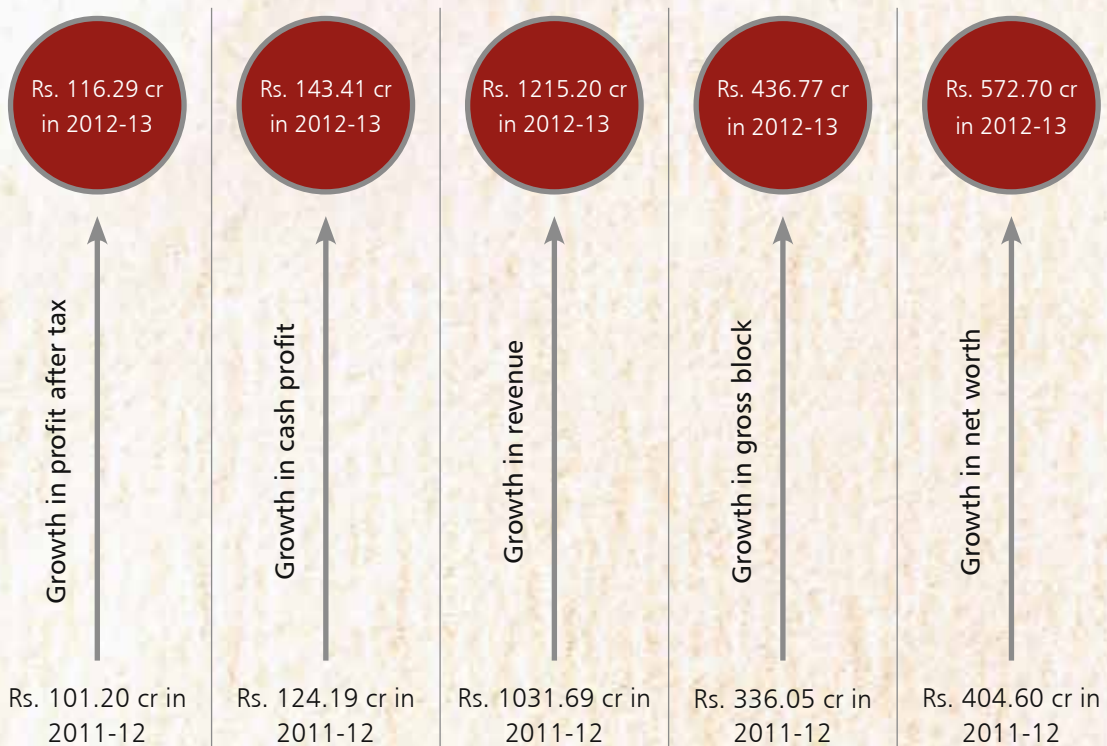
Rs. **1865** Crores

Three-year CAGR in market capatilisation\*

**35.76%**

\* As per the quoted prices on March 31, 2013 at BSE.

# OUR ASPIRATIONS HELPED US TO AIM AND ACHIEVE THESE NUMBERS IN A CHALLENGING 2012-13.





ASPIRE. AIM. ACHIEVE.

# WHAT WAS AND WHAT IS, IS OFTEN A REASONABLE INDEX OF WHAT CAN BE.

## Highlights 2012-13

Increased domestic production by 17.79% from 1,61,033 tonnes in 2011-12 to 1,89,682 tonnes

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Increased exports by 36% from Rs. 65.82 cr in 2011-12 to Rs. 89.55 cr in 2012-13

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Commenced the commercial production of ANFO in Turkey

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Engaged in commissioning cartridge manufacturing facilities in Zambia

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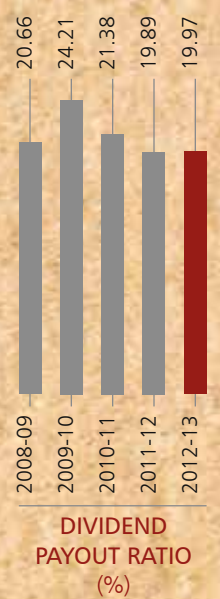
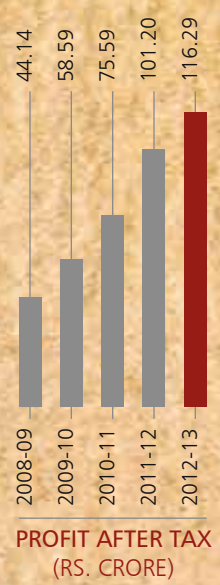
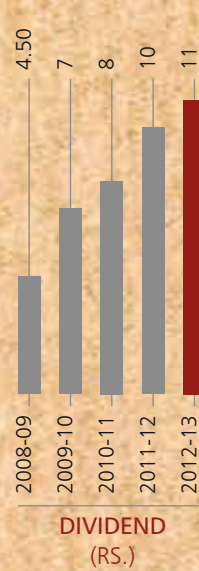
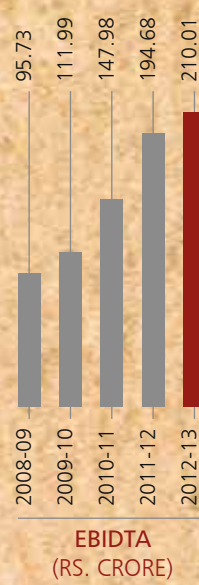
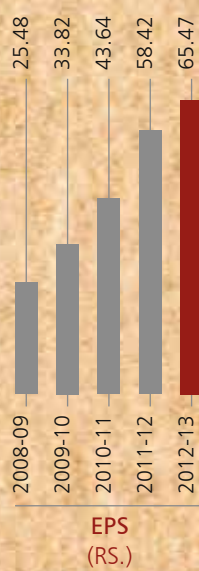
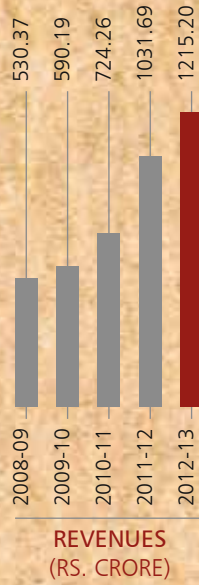
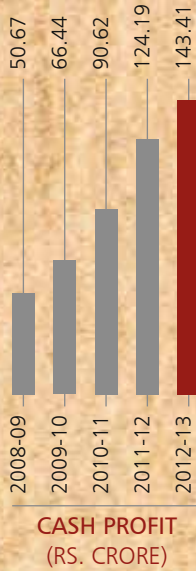
Increased market share in India from ~27% to ~30%

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Accelerated the construction of manufacturing facilities for Defence products.

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“

In the face of a lacklustre business environment, your Company posted healthy growth, reflecting the strength and resilience of its business model.

”



*Dear Shareholders*

It gives me pleasure to communicate to you at a time when your Company delivered a commendable performance in a challenging external environment.

When the Indian economy reported its slowest GDP growth in a decade, your Company reported a 17.79% growth in its topline and 14.91% growth in its bottomline over 2011-12.

This typically contrarian performance vindicates the effectiveness of our business model, showcasing our ability to grow even in the most challenging business cycles.

In accordance with the Board's policy of progressive dividends, a final dividend of Rs.6 per share was declared. This brings the full year dividend to 110% i.e Rs.11 per share.

At Solar, we are excited to remain India's largest manufacturer and exporter of explosives and initiating systems and possess the confidence in the strategies we are executing in each operating segment in order to maintain our leadership position. Our strength is reflected in that we employ more than 2500 people, with operations in over three countries and customers in more than 20 countries.

Whilst India is our largest single and most important market, many opportunities for growth are located elsewhere.

**17.79%**

growth in the Company's topline in 2012-13

Solar's capacity to service these growth markets represents a unique opportunity for the Company. Talking of our overseas subsidiaries, I am happy to inform you that the manufacturing of ANFO in Turkey commenced from 20th June 2013 and the construction of our cartridge and detonators plant is underway. Our operations are running smoothly in our Nigerian and Zambian subsidiaries. However, in our Zambian subsidiary, sales were hit due to a drop in Copper prices that impacted the mining activities of our biggest customer. This trend is expected to continue till the first half of FY14. In order to improve our product offering, we are setting up cartridge manufacturing and detonator assembly plants, which are expected to commence in the first half of FY14.

The year 2013 seems to be difficult, as we can not do much about the economy. The global economy is going through an upheaval and there are uncertainties ahead. The global economic recession and crisis have, quite expectedly, impacted India as well. But it is a moot point whether the Indian economy is affected more by the global economic ups and downs or by India's own problems at the economical and political levels.

Another major concern is the depreciating rupee. Since the start of this financial year, the rupee has depreciated 9.89% against the dollar in just the last three months, emerging as the worst performer among major Asian currencies.

The weakening of the rupee against the dollar has also caused a rise in the prices of raw material used in making our finished goods.

The Company was a net importer till date and according to its forex policy, the Company covered the excess of imports over exports. However, due to sudden unpredictable rupee movements, the Company's profitability was impacted. To counter the currency fluctuation, we have been increasing the domestic purchase of raw materials without compromising quality and are focused on widening our global presence, creating a natural hedge.

Despite the immediate challenges, we are confident about our medium-term prospects, due to the following realities:

**Regulatory:** The Chief Controller of Explosives had issued a circular under instructions from Ministry of Home Affairs, GOI that w.e.f 30.04.2013 all dispatches of explosives would need to be

accompanied by police escort and to be coordinated by the respective district police administration. Following the inability of various district authorities to provide armed escort, the governmental regulation was modified and replaced with a requirement that the government only be intimated of any movement of explosives. In 2012, another Government notification amended the Explosives Act, 1884, categorising Ammonium Nitrate as an explosive. These amendments will progressively obliterate the ~Rs 300 cr unorganised explosives space and the consequent vacuum is expected to create opportunities for organised players.

**Mining sector:** Mining represents the bedrock of India's industrial growth, enabling India to emerge as an industrial power-house. It would be interesting to note that despite being rich in mineral resources (India features among the top five globally (in terms of reserves) for a number of commodities, the country's mining sector contributes only 1.2% to the country's GDP. With regulatory policies setting in motion the implementation of stringent governance and compliance measures, we are confident that the sector will report

exponential growth over the coming years. Coal India expects to raise its output from 452 million tonnes in 2012-13 to 482 million tonnes in 2013-14; the cement and steel industries (whose progress are critically linked to mining) are expected to grow by 8-10% in the current year.

This year, Coal India Limited floated a three-year tender and I am delighted to inform you that Solar bagged 26.43% of the order; the Company continues to be the largest supplier to Coal India. For us, this means our order book for three years is secured for an amount of Rs. 1,112.25 cr.

**Infrastructure:** The Government expects the private sector to invest US\$ 350-400 billion in strengthening India's infrastructure (roads, ports, railways and airports) during the Twelfth Five Year Plan through the PPP route, which should revive the fortunes of the sector. Consider this: India's target for road construction is estimated to rise to 8,500 kms in 2013-14 from 2,800 kms in 2012-13.

### Defence project: Upcoming opportunity

A new defence procurement policy (DPP 2013) aims at enhancing transparency and probity in military purchases with the first right of refusal to Indian vendors, the objective being to promote the indigenous industry. While laying a strong emphasis on promoting indigenisation, the new policy also aims at creating a level playing field for the Indian industry. This progressive step is aimed at giving impetus to indigenisation, creating a level playing field and expediting the procurement process as a whole.

In the new policy, the Defence Ministry accorded a "higher preference explicitly to the Buy (Indian), Buy and Make (Indian) and Make categorisation, besides bringing further clarity in the definition of the 'Indigenous Content' and simplifying the Buy and Make (Indian) process."

This newly designed procedure is synchronised with your

The Company's order book for the next three years is secured for

**Rs. 1,112.25 cr**



Company's plan to fulfill the nation's requirement for propellants, HMX and related compounds. The construction of facilities for propellants has started and R&D facilities for propellants are expected to be finished by the third quarter of FY14. Products are likely to be offered on a trial basis by the fourth quarter of FY14. The Company also invested in setting up R&D facilities for HMX and related compounds; the products are likely to be offered on a trial basis in the second quarter of FY14.

## Safety

As you are aware, running safe and injury-free operations is of paramount importance at Solar.

Despite our best efforts, it is with sadness that I report that in March 2013, two of our employees lost their lives in an accident at our detonator plant.

This is obviously unacceptable, and we thoroughly investigate

all such incidents to learn and improve. Every effort, including the advancement of technology, is being made to strengthen our safety commitment. There have been no further such incidents in the business since.

We continue to lay an emphasis on training and refresher courses for safe practices to all our employees.

## Moving ahead

This year will be a year of significant change for Solar as we have initiated a lot of changes in operations. At the present group level, the management implemented changes to simplify the business and lower costs. The Company made significant investments to re-engineer production processes to improve operational efficiency and, in particular, minimise operational risks. I believe significant progress has already been made in all these areas.

I remain optimistic that our track record of enhancing

shareholder returns can be maintained in the years ahead. Solar's long-term strategy has been clear, focused and successful and is constantly being reviewed.

I am confident that the energy and focus directed at unleashing the full potential of our Company will drive Solar for years to come.

## Acknowledgements

On behalf of the Company, I convey my sincere gratitude to all our business partners, employees, customers, channel partners, shareholders, bankers and suppliers for their invaluable contribution leading to our sustained growth. I am confident that with their unstinted support, Solar will climb into a new orbit.

Regards

**Satyanarayan Nuwal,**  
Chairman

## ASPIRE. AIM. ACHIEVE. **ALERT AND AGILE.**

In our competitive industry, success is inevitably determined by an ability to continuously expand reach, enhance capabilities and innovate processes.

Over the years, Solar Industries invested across various products and processes to strengthen its competitive advantage.

The Company is in the final stages of developing its multi layer shock tube. These tubes will have the capacity to withstand the toughest mining conditions and deliver enhanced safety in the system.

The Company intends to invest in a process to manufacture PETN, which will improve safety, quality

and double production capacity.

Besides, the Company plans to enhance its bulk production capacities, which, in turn, will grow its presence in mid-sized mines. This will be achieved with the addition of plants in Madhya Pradesh, Chhattisgarh, Orissa, Rajasthan and Andhra Pradesh.

**The result:** The Company is attractively placed to grow, enhance market share and reinforce its position as an industry leader.







ASPIRE. AIM. ACHIEVE.  
**BREAKING  
NEW GROUND.**

In the business of explosives manufacturing, success is derived from the ability to deliver quality products, assured supplies and an expanding footprints.

Over the last number of years, Solar has consistently broken new ground, set up three manufacturing facilities successfully across the world in alliance with local partners and is exploring to set up similar facilities in Africa and South East Asia.

The Company enjoys a majority stake in three international

subsidiaries (Nigeria, Zambia and Turkey) with substantial investments.

**The result:** The Company is optimistic of generating significant revenue growth and enhanced consolidated profitability from these investments in the next couple of years.

**3**

new manufacturing facilities of Solar Industries across the world

ASPIRE. AIM. ACHIEVE.  
**A CUT ABOVE  
THE REST.**

In the business of explosives manufacturing, it is imperative to benchmark one's strategic direction in line with the national priority.

India is one of largest importers of conventional Defence equipment, spending about 40% of its total Defence budget on capital acquisitions and addressing around 70% of its Defence requirements through imports. This significant import bill carries implications for the country's currency weakness, social expenditure and average living standards. As a result, the priority is to manufacture world-class products within India, reduce the import bill and strengthen national security.

Solar is aligning itself with this national objective, backed by its infrastructure intellect and state-of-art technology through the following steps:

1. Received all statutory clearances for the non-NG Propellants, Pyro devices and new generation explosives.
2. Constructing facilities for propellants, developing R&D facilities expected to begin in the third quarter of FY 14 and expecting to offer products for trials in the last quarter of FY 14.
3. The Company is developing HMX and related compounds and has invested to set up R&D facilities. Products for trials are likely to be offered in the second quarter of FY14.

**The result:** Through this Defence initiative we will not only contribute to the national security but also create value for the Company and its shareholders.



**70%**

of India's Defence  
requirements are addressed  
through imports



# OUR CORE COMPETENCIES



## Largest

The Company is the largest manufacturer of industrial explosives and initiating systems in India with a licensed capacity of 282,893 MT per annum.

## Integral

The Company's products are crucial to the country's core industries (mining, infrastructure, construction, steel, power and cement).

## Diverse

The Company manufactures a full range of products - from bulk explosives, cartridges, detonators, detonating cord to cast boosters.



### Reach

The Company expanded its global footprint with an export presence in 20 countries as well as three international manufacturing plants.

### Backward integration

The Company is extensively integrated with the ability to manufacture all raw materials (except Ammonium Nitrate) for its diverse product portfolio.

### Safety

The Company invests in initiating industry-best safety practices across its manufacturing plants and is a recognised member on the governing body of SAFEX.

### Financial

The Company continues to enjoy strong financial stability with a stable debt-equity ratio of 0.6 and a strong cash profit of Rs. 1,434.07 million in 2012-13.



# MANAGEMENT DISCUSSION AND ANALYSIS

## Indian economy

India's economic growth decelerated for the second year in succession in 2012-13. It declined from 6.2% in 2011-12 to 5% in 2012-13, the slowest economic growth in a decade. This decline was due to a sharper-than-expected deceleration in the services sector (at around 8% compared to 11.7% in the previous fiscal year) and a dismal performance by the agricultural and industrial sectors.

Coal Production in India grew by 3.2% to reach 557.45 Million Tonnes in FY13 as

compared to 539.5 Million Tonnes in FY12. Coal India limited and its subsidiaries accounted for a Y-o-Y growth of 3.7% to 452.19 million tonnes during 2012-13 as against a production of 435.84 million tones in 2011-12. Singareni Collieries Company Limited produced 53.19 million tonnes of coal during 2012-13 as against 52.21 million tonnes during the corresponding period of last year.

Iron ore production in the country has been steadily falling in the wake of a ban imposed in Karnataka a year-and-a-half ago. Its overall production has

plunged over 14% Y-o-Y to around 143 million.

The FY2012-13 had a growth of only 6.0% for the Indian construction sector. Due to monetary issues and other related policies the Indian construction industry showed a lackluster performance in 2012-13. Funding constraints, land acquisition issues, delays related to identification and award of projects and shortage of skilled manpower caused delays in infrastructure projects.

## Demand

Demand for explosives stems largely from mining (primarily



coal), infrastructure and construction. The mining sector accounts for ~80% of explosives demand, the balance being consumed by infrastructure creation. Coal mining accounts for ~70% of the Indian market and ~60% of the market is accounted for by Coal India Limited.

The Indian explosives industry is represented by 29 active players, of which seven can be classified as prominent. India consumes ~7.5 Lakhs tonnes explosives with a market size of ~Rs. 3100 crore. Solar Industries is the market leader and the fastest growing Company within the sector.

### Industrial explosives

The explosives market consists of explosives and initiating

systems. Explosives are broadly classified into packaged (cartridge) explosives and bulk explosives. Initiating Systems comprises of detonators, detonating fuse and caste booster.

### Classification of explosives

Explosives market is broadly classified into 3 categories viz.

**Packaged Explosives:** These cartridge shaped explosives vary in size and diameter depending on the blasting requirement. They are mostly used in construction sites for road-building, quarrying, tunnelling, small mines and seismic exploration.

**Bulk Explosives:** These are essentially non-explosives systems

which are used for large scale blasting operation and large quantities need to be charged every day. It is mainly used in major opencast mines like Coal, Iron ore, Limestone, Zinc, among others. They are transported to mines sites through bulk delivery vehicles and pumped down the bore holes as per the mining strata.

**Initiating Systems:** Initiating systems are detonators, detonating cords 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.

## Outlook in User Sectors.

**Coal:** As a prospering economy, India faces energy insecurity; coal production is expected to grow at a CAGR of around 7% during 2011-12 to 2013-14.

The Indian coal market is set to grow appreciably following governmental initiatives. India's ever-increasing demand for coal is expected to touch 980.5 MT by 2016-17. Of this,

the demand from the power sector is estimated at about 70%. However, indigenous coal availability is projected optimistically at 795 MT, warranting fresh mining initiatives.

## Actual production / Target production of coal in India

Year / crore tonnes	Coal India	Singareni collieries	Others	Total	Growth (%)
FY 12	435	51	54	540	1.3
FY 13	464	53	58	575	6.5
FY 14	486	54	65	605	5.2
FY 15	508	55	72	635	5.0
FY 16	530	56	87	673	6.0
FY 17	556	57	102	795	6.2

(Source: Planning Commission)

Coal India, India's largest coal producer is also one of the principal drivers of the explosives consumption in India. The Company accounts for ~80% of India's coal production with a target of 5% CAGR coal production over FY12-17. The Company has 148 on-going projects, which are under different stages of implementation. The ultimate capacity of these projects is 446.75 MTY, with sanctioned capital outlay of Rs. 32,004.54 crore.

**Steel:** Compared to the global average per capita consumption of 200 kgs, India's per capita steel consumption is still a mere 59 kgs, constrained by the lack of infrastructure development, high power cost and non-availability of resources. But is expected to correct over

the medium term catalysed by government policies and a thrust on infrastructural investments over the Twelfth Plan. India's steel production is expected to increase from 75 MT to 200 MT by 2020.

Explosives are used to extract iron ore and coal, which forms basic raw material for steel production.

**Cement:** India is the second largest producer of quality cement in the world with an annual capacity of 324 MT of cement. The cement industry in India comprises 183 large cement plants and over 365 mini cement plants. According to the latest report of the Working Group on the cement industry for the Twelfth Plan India would require overall cement capacity of around 480 MT.

Explosives are used to extract limestone, which forms basic raw material for cement production.

**Infrastructure and Construction:** Infrastructure development acts as a catalyst in energising growth in India. The Government has reiterated its commitment to kick-start delayed projects in the Infrastructure space. India's target for road construction is estimated to rise to 8,500 kms in 2013-14 from 2,800 kms in 2012-13.

The Prime Minister highlighted the need to ramp up investment in infrastructure to revive investor sentiment. For this purpose, a target of rolling out PPP projects of at least Rs. 1 lakh crores in the next six months was set.

The general outlook for construction activity during the five-year forecast period is positive (2013-2017). Construction activity in the residential market will be driven by demand side factors, such as the growth in nuclear families and the rising urbanisation rate, as well as government support and state investment in affordable housing schemes. Government plans to support construction of 2.5 million housing units under the 3 schemes Rajiv AwasYojana (RAY), Rajiv RinnYojana (RRY) and Affordable Housing in Partnership Scheme (AHP) clubbed together.

### Raw materials

Ammonium Nitrate (AN) is the key raw material in the manufacture of explosives accounting for ~65-70% of total raw material consumed. The Company imports ~50% of its AN requirement while the balance is met through local suppliers (RCF, GNFC and Deepak Fertilisers). Solar's scale has translated into procurement efficiencies. In July 2012, the Government classified Ammonium Nitrate as an explosive. This classification will restrict the imports in bulk quantity.

With the new rules, landed cost of imported AN has gone up, which is boosting domestic availability of AN. This will help

the Company to reduce its inventory and dependency on imports.

This new rule will also help Company in the long run as there is an unorganised Ammonium Nitrate Fuel Oil explosive market in India estimated at ~Rs. 300 cr which will gradually be converted into organised market of Bulk and Cartridge Explosives.

### Brief analysis of the financial statements

- Gross income grew 17.79% from Rs. 1,031.69 crore to Rs. 1,215.20 crore
- Net profit strengthened 14.91% from Rs. 101.2 crore to Rs. 116.3 crore.
- EPS increased 12.07% from Rs. 58.42 to Rs.65.47

## Revenue analysis

### Revenue by geography

(%)

Particulars	2011-12	2012-13
Domestic	77.79	77.34
Exports & Overseas	22.21	22.66

### Key cost components as a percentage of the total revenue

Particulars	2011-12	2012-13
Raw material	58%	58%
Manufacturing expenses	4%	5%
Staff cost	5%	5%
Administrative expenses	3%	3%
Selling and distribution expenses	13%	13%

## Capital expenditure

The Company is deploying funds to expand its existing capacities and also to set up facilities for Propellants, HMX and related compounds. The Company plans a phased capex programme that reduces fund cost. With the objective to right size the Balance Sheet and mobilise low cost resources, the Company mobilised private equity following the issue of 774,195 shares of Rs. 10 each at premium of Rs. 920 to Oman India Joint Investment Fund. The unutilised funds were temporarily invested in debt-based mutual funds with a focus on safety and liquidity.

## Working Capital

The Company plans inflows and outflows and accordingly draw funds to meet the excess outflow. The excess inflows are kept invested in liquid fund debt bonds so that it can be utilised when needed. Company has both export and import so Company enjoys lower cost of fund by way of export packing credit and buyers credit. However, due to recent depreciation in rupee, the Company couldn't enjoy the lower interest rate benefits. To counter this, the Company is working on reducing inventory and debtor days. Additionally, the Company is planning imports of Ammonium Nitrate in smaller consignments and reduce the total imports as well.

## Rupee depreciation

The depreciation in the value of the Indian currency has an impact on the Company's financials – it makes imports more expensive but at the same time increases the value of exports. As a policy, the excess of imports over exports is appropriately covered as per the advice of external consultants and a treasury team of bankers. However, the Company is exposed by the sudden unpredictable movement of rupee either ways to a large extent. To address this in a long run, the Company is working on reducing dependency on imported Ammonium Nitrate.

## Defence sector

The new Defence Procurement Policy-2013 announced by the government outlined a fresh procurement procedure wherein at least 30% of the products supplied would have to be of indigenous content. This new Policy is in line with Company's plan to offer products in Defence Sector and contribute to strengthening national security. Construction of facilities for Propellants has started and R&D facilities are expected to be completed by Q3FY14. Products for trials are likely to be offered by Q4FY14. Company has also invested in setting up R&D facilities for HMX & HMX related compounds. Products for trials are likely to be offered in Q2FY14.

## Coal Block

Madanpur- North: The Company had acquired 74% of Navbharat Coalfields Ltd (NCL) in 2007. NCL owns 20% stake in Madanpur Coal block in Chhattisgarh. However, in 2013 Company has entered into definitive agreements with Navbharat Fuse Company Ltd (NFCL) for transfer of NCL shares.

Bhatgaon II & Bhatgaon II Extension: In 2008, Company had entered into a Joint Venture agreement with the Chhattisgarh Mineral Development Corporation Ltd. (CMDC) in association with SMS Infrastructure Ltd. to own 24.01% stake in the Joint Venture. On 19th July 2013 the Company received a notice from CMDC for Termination of the Joint Venture Agreement related to both the coal blocks. This was on the basis of failure to timely execute the project. The Company is consulting with lawyers to formulate next course of action.

## Safety

The Company regard safety of its dedicated and hard working employees to be a value that is not be neglected. The Company maintains the highest standards of safety within its operating units, which minimises unforeseen accidents. We're on the Governing Body of SAFEX, an international body reporting and promoting best

practices on safety standards in explosives. Our association with SAFEX means to promote greater awareness around possible incidents at explosives companies worldwide. We integrate essential insight from past cases and apply

that knowledge to our own operational and manufacturing processes, thus strengthening our safety standards and ensuring they are continually in-line with international best practices. We run various safety training

programmes conducted by internal team and external experts to instill the concept of maintaining safe operations among the Employees and to educate a team on safety norms and procedure to be followed in unfortunate situations.

### Training Highlights 2012-2013.

Total No. of Training conducted		Total Man-hours of Training	
Supervisors/ Executive	Operator	Supervisors/ Executive	Operator
67	442	1615	7358

### Internal control systems and their adequacy

Internal control systems give authenticity to the information, reports, records, documents, transactions and serve as a strong foundation for decision-making for 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 the aforementioned systems are adhered to and the controls are not flouted, a firm of chartered accountants conducts an Internal Audit of operations, establishments, and stockyards on a quarterly basis. The Audit Committee

reviews the reports of the Internal Auditors and monitors the overall effectiveness and the operational efficiency of the internal control systems. The Audit Committee provides valuable suggestions from time to time towards improving the business processes, systems and internal controls.

Presently the Company is working on ERP (SAP ECC6.0 EHP5 module) which helps in business activities such as material management, finance, payroll and sales and distribution. During the year under review, the Company has also implemented plant maintenance and quality management modules to enhance the performance of the plant as well as for testing

the quality of raw materials and finished goods.

### Human resources

Your Company's human resource agenda for the year was mediated towards strengthening four key areas: building a robust and diverse talent pipeline, enhancing individual and organisational capabilities so as to be future-ready, driving greater employee engagement and strengthening employee relations through the espousal of progressive shopfloor practices. The Company took proactive measures like organising trainings drills, people review processes and employee engagement initiatives to realise its aims.



# DE-RISKING OUR BUSINESS.

## Regulatory risk

The highly sensitive commercial explosives industry is stringently regulated. Any kind of adverse decision by the concerned authority could impact Company's core operations.

## Mitigation

The Company abides by all the rules and laws set by the regulatory body and as such it acquired all necessary licences. It restricts the sale of products only to the licensed buyers.

## Industry risk

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

## Mitigation

The Company's clientele spreads across a number of core industries. Hence, even a marginal growth in these core industries can generate appreciable demand for explosives. The Company is also planning to enhance its production capacities, which, in turn, will grow its presence in mid-sized mines. This will be achieved with the addition of six plants in different locations within India. The Company is in final stage of manufacturing multi-layer shock tube which will enhance safety and a new PETN plant, which will help the Company double its production capacity and enhance safety.

The Company is attractively placed to grow and capture the market, maintaining its industry leadership by entering new geographies, increasing exports, adding new customers and expanding domestically.

## Competition risk

Even though India is only the world's eighth-largest explosive manufacturer, it has the largest number of players (around 29), increasing competition.

## Mitigation

The Company is the market leader in the explosives sector in India and has been consistently increasing its market share from ~10% in 2006 to ~30% in 2012-13. By working closely with customers, coupled with high quality products and after - sale services, the Company has created a unique position for itself in the industry.



### Raw material risk

Volatility in prices and an Ammonium Nitrate shortage can hamper growth

### Mitigation

The Company occupies unique position in the domestic explosives segment, having integrated backwards for all its raw materials, except Ammonium Nitrate. To cope with increasing demand, it imports a considerable quantity of Ammonium Nitrate. The Company enters into contracts with institutional / Large customers with built-in cost escalation clause, which largely addresses raw material price fluctuations.

### Geographical risk

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

### Mitigation

The Company is a market leader within India and is the largest exporter of explosives. The Company's large capacities coupled with external manufacturing plants, helped deliver end-products across geographies. The Company exports to 20 countries and has 3 overseas subsidiaries.

### Concentration risk

An excessive dependence on a few downstream sectors and customers could affect the Company in the event of a slowdown in those segments.

### Mitigation

Apart from bulk and cartridge explosives (used in coal mining), which form a major part of its revenues, the Company is one of the few players to cater to the entire explosives value chain – including initiating systems. The Company expanded its capacities, enabling itself to cater to various sectors and clients (including exports).

### Hazardous risk

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

### Mitigation

The Company engages in incorporating safety modules and practices to strengthen safety standards as per the globally established norms. The Company constantly conducts safety training workshops for its operators and supervisors through internal and external experts. The Company is a member of SAFEX, an international apex body reporting and promoting best practices in safety standards of the explosives industry. The Company is in final stage of manufacturing multi-layer shock tube which will enhance safety and PETN plant to enhance process safety.

### Currency risk

Volatility in the Indian rupee could affect the Company's profitability.

### Mitigation

The Company avails Export Packing Credit and Buyers' credit facilities for its imports. However, the Company has significant exports, which act as natural hedge. As a policy, the excess of imports over exports is appropriately covered as per the advice of external consultants and a treasury team comprising of bankers. However, the business is exposed to sudden unpredictable rupee movements.

## DIRECTORS' PROFILE



Mr. Satyanarayan Nuwal



Mr. Kailashchandra Nuwal



Mr. Manish Nuwal



Mr. Kundan Singh Talesra



Mr. Roomie Dara Vakil

# NOTICE CALLING ANNUAL GENERAL MEETING

Notice is hereby given that the 18th Annual General Meeting of the members of the Company will be held on 11th day of September, 2013 at 11.30 AM at Hotel Tuli Imperial, Central Bazar, Ramdaspath, Nagpur – 440 010, Maharashtra to transact the following business:

## Ordinary Business:

### Item No. 1

To receive, consider and adopt the Balance Sheet as at March 31, 2013 and the Profit & 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 2012–13.

### Item No. 3

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

### Item No. 4

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

### Item No. 5

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

### Item No. 6

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

### Item No. 7

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

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

## Special Business:

### Item No. 8

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

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

### Item No. 9

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

“RESOLVED THAT pursuant to Section 293 (1) (d) and all other applicable provisions of the Companies Act, 1956, if any, the consent of the Company be and is hereby accorded to the Board of Directors of the Company to borrow such sums of money (including by way of debentures, bonds, secured or unsecured loans or otherwise) at any time or from time to time as may be required for the purpose of business of the Company, in excess of the aggregate of the paid-up capital of

the Company and its free reserves, that is to say, reserve not set apart for any specific purpose, subject to the condition that such borrowings together with money which is already borrowed (apart from temporary loans obtained by the Company from its bankers/other entities in the ordinary course of the business) shall not at any time exceed Rs. 1000 crores (Rupees Thousand crores) apart from temporary loan obtained by the Company from its Bankers/other entities in the ordinary course of its business.”

“RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board or a Committee thereof be and is hereby authorised to finalise, settle and execute such documents/deeds/writing/papers/agreements as may be required and do all such acts, deeds, matters and things, as it may in its absolute discretion deemed necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to borrowings as aforesaid.”

**Item No. 10**

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

“RESOLVED THAT in pursuance of the Section 293 (1) (a) and other applicable provisions, if any, of the Companies Act, 1956, and such other approvals as may be necessary and subject to such conditions and modifications as may be prescribed, required or directed in granting any such approvals or consents and which the Board of Directors be and is hereby authorised to accept, consent of the Company be and is hereby accorded to the Board of Directors of the Company for mortgaging and/or charging in any manner whatsoever of all movables and immovable properties of the Company wherever situated, present or future and the whole of the undertaking of the Company, for borrowings of a sum not exceeding Rs. 1000 Crore (Thousand Crores only) outstanding at any one time as loans from Banks, Financial Institutions, Security Trustees or elsewhere”

By Order of the Board of Directors

**Registered office:** (Khushboo A. Pasari)  
11, Zade Layout, Company Secretary  
Bharat Nagar, Nagpur - 440 033

Place: Nagpur

Date: May 27, 2013

**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 September 03, 2013 to September 13, 2013 (both days inclusive) for determining the names of members eligible for dividend on equity shares if declared at the Annual General Meeting
4. Members holding shares in physical form are requested to intimate immediately to the Registrar & Share Transfer Agent of the Company, M/s Link Intime India Private

Limited, C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (W), Mumbai 400 078, quoting Registered folio number, details of their Bank Account/Change in Bank Account, if any to enable the Company to print these details on the Dividend warrants, and change in their address, if any, with Pin Code Number. Members holding shares in electronic form shall address communication to their respective Depository Participants only.

5. The payment of Dividend, upon declaration by the shareholders at the forth coming Annual General Meeting, will be made on or after September 19, 2013 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 September 02, 2013.
  - 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 September 02, 2013.
6. Shareholders desiring any information relating to the accounts are requested to write to the Company at an early date so as to enable the management to keep the information ready.
7. For the convenience of members and for proper conduct of the meeting, entry to the place of meeting will be regulated by attendance slip, which is a part of the Annual Report. Members are requested to sign at the place provided on the attendance slip and hand it over at the entrance of the venue.
8. Disclosure pursuant to Clause 49 of the Listing Agreement with respect to the Directors seeking re-appointment at the forthcoming Annual General Meeting is incorporated in the Corporate Governance section.
9. During the current financial year 2013, the Company will be required to transfer to the Investor Education & Protection Fund, the unclaimed Final Dividend for the year 2005-06. Those Members who have not encashed their warrants are requested to immediately return the outdated warrants to the Company or write to the Company in the matter to enable the Company to issue Demand Drafts in lieu thereof.

By Order of the Board of Directors

**Registered office:** (Khushboo A. Pasari)  
11, Zade Layout, Company Secretary  
Bharat Nagar, Nagpur - 440 033

Place: Nagpur

Date: May 27, 2013

#### **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 Email address to participate in the Green Initiative by registering their Email address with the Company for the purpose of service of documents viz. Annual Report, Notice of General Meetings, etc. by email.

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

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

Details of Directors seeking re-appointment at the 18th Annual General Meeting.

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

### ITEM NO. 8

Details of Director seeking appointment at the 18th Annual General Meeting

The Board of Directors of the Company (the Board), at its meeting held on November 05, 2012 has appointed, pursuant to the provisions of Section 262 of the Companies Act, 1956 (the Act) and Article 185 of the Articles of Association of the Company, Shri Amrendra Verma by filling up the casual vacancy arising on account of resignation of Shri Anand Kumar, a Director.

In terms of the provisions of Section 262 of the Act, Shri Amrendra Verma would hold office up to the date of this Annual General Meeting, as

Shri Anand Kumar, would have held office only up to the date of this Annual General Meeting.

The Company has received a notice in writing from a member proposing the candidature of Shri Amrendra Verma for the office of Director of the Company under the provisions of Section 257 of the Act.

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

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

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

None of the Directors except Shri Amrendra Verma is interested in the above resolution.

### ITEM NO. 9

As per the provisions of Section 293 (1) (d) of the Companies Act, 1956, the Board of Directors of the Company cannot, except with the permission of shareholders in General Meeting, borrow money in excess of the aggregate of

the paid up capital of the Company and its free reserves. Such borrowing may be made by issuing fully/partly convertible debentures or bonds, (FCCB) or warrants or any other security.

The increasing business operations and future growth plans of the Company necessitate restructuring of the borrowing limit by authorising Board of Directors to borrow monies which may exceed at any time the aggregate of paid up Capital of the Company and its free reserves but not exceeding an aggregate of Rs.1000 crores (Rupees Thousand crores only).

Board has considered the Restructuring of borrowing limits from Rs. 500.00 crores to Rs. 1000.00 crores in its Board meeting dated May 27, 2013 and recommend the same for the approval of shareholders as per section 293(1) (d) of the Companies Act, 1956.

None of the Directors of the Company is, in any way concerned or interested in the said resolution.

#### ITEM NO. 10

The Company proposes to borrow monies exceeding the aggregate of paid up Capital

and its free reserves from Banks, Financial Institutions, etc. As per the prevalent practice such institutions may insist for creation of charge on the undertaking(s)/properties of the Company.

Further for the above said purpose Board has considered the creation of mortgages and/or charges on the properties of the Company if required for securing the revised limits i.e. upto 1000 crores in its Board meeting dated May 27, 2013 and recommend the same for the approval of shareholders as per Section 293(1) (a) of the Companies Act, 1956.

None of the Directors of the Company is, in any way concerned or interested in the said resolution

By Order of the Board of Directors

**Registered office:** (Khushboo A. Pasari)  
11, Zade Layout, *Company Secretary*  
Bharat Nagar, Nagpur - 440 033

Place: Nagpur

Date: May 27, 2013



## DIRECTOR'S REPORT

*Dear Shareholders,*

Your Directors have great pleasure in presenting the Annual Report together with audited statements of accounts for the year ended on 31st March, 2013.

### Financial Highlights

(Rs. in lacs)

Particulars	Standalone		Consolidated	
	2013	2012	2013	2012
Net Revenue from operations	90463.24	74871.45	114183.01	99121.95
Less: Expenditure	77710.59	63824.83	93181.87	79653.85
Operating profit (PBIDT)	12752.65	11046.62	21001.14	19468.10
Interest	2190.52	2008.81	3086.35	2357.58
Profit before Depreciation & Tax (PBT)	10562.13	9037.81	17914.79	17110.52
Less: Depreciation	1031.23	804.77	1697.47	1278.14
Profit before Tax & Exceptional item	9530.90	8233.04	16217.32	15832.38
Less: Exceptional item	1001.86	315.03	1001.86	436.58
Profit before Tax	8529.04	7918.01	15215.46	15395.8
Less: Provision for Taxation	947.49	1829.39	2572.25	4254.50
Profit after Tax	7581.55	6088.62	12643.21	11141.30
Share of profit transfer to minority	-	-	1013.98	1020.94
Stock Reserve	-	-	417.81	175.94
Balance brought forward	8855.88	6644.41	15684.18	11401.30
Balance available for appropriation	16437.43	12733.03	27731.22	21697.60



(Rs. in lac)

Particulars	Standalone		Consolidated	
	2013	2012	2013	2012
Appropriation:				
Interim Dividend	904.90	866.19	904.90	866.19
Proposed Dividend	1085.88	866.19	1085.88	866.19
Tax On Dividend	195.18	144.77	331.45	281.04
Adjustment of Taxes	-	-	157.37	-
General Reserve	2000	2000	4000	4000
Balance Profit carried to Balance Sheet	12251.47	8855.88	21251.62	15684.18
Earning Per Share (EPS)	42.68	35.15	65.47	58.42

## Results of Operation

### Standalone Reaching

- During the financial year ending March 31, 2013, the Company achieved turnover of Rs. 96959.33 lac as against turnover of Rs. 77820.88 lac achieved during the previous year, registering a growth of 25%.
- The Profit After Tax (PAT) for the year under review was Rs. 7581.55 lac against Rs. 6088.62 lac in 2012.
- Profit before Interest, Depreciation, Amortisation, Exceptional Items & Tax stood at Rs. 12752.65 lac as against Rs. 11046.62 lac in the previous year.
- Earnings per share stand at Rs.42.68 during the year 2013 vis a vis Rs. 35.15 achieved in the preceding year.
- The net worth of the Company increased from 39563.97 lac in the fiscal year 2013 to Rs. 26968.37 lac at the end of fiscal year 2012.

### Consolidated Reaching

- During the financial year ending March 31, 2013, the Company achieved turnover of Rs.121520.18 lac as against turnover of Rs.103169.44 lac achieved during the previous year, registering a growth of 18%.
- The Profit After Tax (PAT) for the year under review was Rs. 11629.23 lac against Rs. 10120.35 lac in 2012.
- Profit before Interest, Depreciation, Amortisation, Exceptional Items & Tax stood at Rs.21001.14 lac as against Rs.19468.10 lac in the previous year.
- Earnings per share stand at Rs. 65.47 during the year 2013 vis a vis Rs. 58.42 achieved in the preceding year.
- The net worth of the Company increased from 57270.40 lac in the fiscal year 2013 to Rs. 40460.01 lac at the end of fiscal year 2012.

## Appropriations:

### Dividend:

Summary of Final Dividend declared by the Company in the year 2012 and recommended for the year 2013 are given below:

(Rs. in lac)

Final Dividend for the Year	Rate of Dividend	Amount of Dividend	Dividend Distribution tax	Total Outflow
2012	50%	866.19	140.52	1006.71
2013 (if approved by members)	60%	1085.88	184.54	1270.42

Your Directors recommend a final Dividend of 60% (Rs. 6/- per equity share of Rs. 10/- each) to be appropriated from the profits of the year 2012-13, subject to the approval of the shareholders at the ensuing Annual General Meeting. The Dividend will be paid in compliance with the applicable regulations.

Pursuant to the approval of Board of Directors on November 5, 2012, your Company had distributed an interim dividend of Rs. 5/- per share, of face value of Rs. 10/- each.

The total dividend for the year ended on March 31, 2013, would accordingly be Rs. 11 per Equity share (110% of face value) as against the total dividend of Rs. 10 per Equity share (100% of face value) for the year ended on March 31, 2012.

The total outgo due to Dividend of the Company was Rs. 2322.23 lac, including dividend distribution tax as against Rs. 2013.42 lac in the previous year. The Dividend payout Ratio of your Company is 19.97%.

### Transfers to Reserves:

The Company proposes to transfer Rs. 4000 lac to the general reserve out of the amount available for appropriations and an amount of Rs. 4000 lac is proposed to be retained in the statement of profit and loss.

### Credit Ratings:

CRISIL has re-affirmed 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 efficiencies (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.

### Commercial Paper:

During the year under review, your Company has raised Funds through issue of Commercial papers of Rs. 20 Crore by earmarking the Working Capital Limit from Yes Bank.

Details of the above said Commercial Paper is summarised below:

Name of Bank	From	To	Rate of Interest
Religare Mutual Fund	1st November, 2012	28th December, 2012	8.85%

### Directors:

#### Director's Retiring by Rotation

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 subject to retirement by rotation. One third of these retiring Directors must retire from office at each Annual General Meeting of the shareholders. A retiring Director is eligible for re-election. Shri Anant Sagar Awasthi, Shri Dilip Patel,

Shri Satish Chander Gupta and Shri Ajai Nigam, retire by rotation and on being eligible offer themselves for re-appointment at this Annual General Meeting. Boards of Directors have recommended their re-appointment for consideration of the Shareholders.

The brief resumes and other details relating to the Directors who are proposed to be re-appointed, as required to be disclosed under Clause 49 of the Listing Agreement, forms an integral part of this Report.

### Director's Appointment

In accordance with Section 262 of the Companies Act, 1956 and Article 185 of the Articles of Association of the Company, Shri Amrendra Verma was appointed as a Non - Executive Independent Director in casual vacancy with effect from November 5, 2012. Shri Amrendra Verma would hold office till the conclusion of the Annual General Meeting of the Company scheduled to be held on September 11, 2013.

The requisite notices together with necessary deposits have been received from a Director pursuant to Section 257 of the Companies Act, 1956, proposing the election of Shri Amrendra Verma as a Non-Executive Independent Director of the Company.

### Director's Cessation

Shri Anand Kumar, a Non - Executive Independent Director has resigned from the Board effective from November 5, 2012.

The Directors wish to record their gratitude and appreciation for the wise counselling and contributions by Shri Anand Kumar during his tenure as the Director of the Company.

Attention of the Members is invited to the relevant item in the Notice of the Annual General Meeting and the Explanatory Statement thereto.

### 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 reappointment within the means 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:

The Ministry of Corporate Affairs has vide notification dated March 31, 2011, enhanced the limits for the purpose of disclosure of particulars of employees in the Directors Report as requisite under section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Amendment Rules, 2011.

Company is having Employees whose information in accordance with the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, amended as Companies (Particulars of Employees) Amendment Rules, 2011 are to be given.

However, pursuant to the provisions of Section 219(1)(b) (iv) of the Companies Act, 1956, the Report and Accounts are being sent to the Members excluding the statement of particulars of employees. Any Member may obtain a copy of the said statement by writing to the Company Secretary at the registered office of the Company.

### Subsidiary Operations:

As a purposeful strategy, your Company carries all its business operations through several subsidiaries 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 Subsidiary:

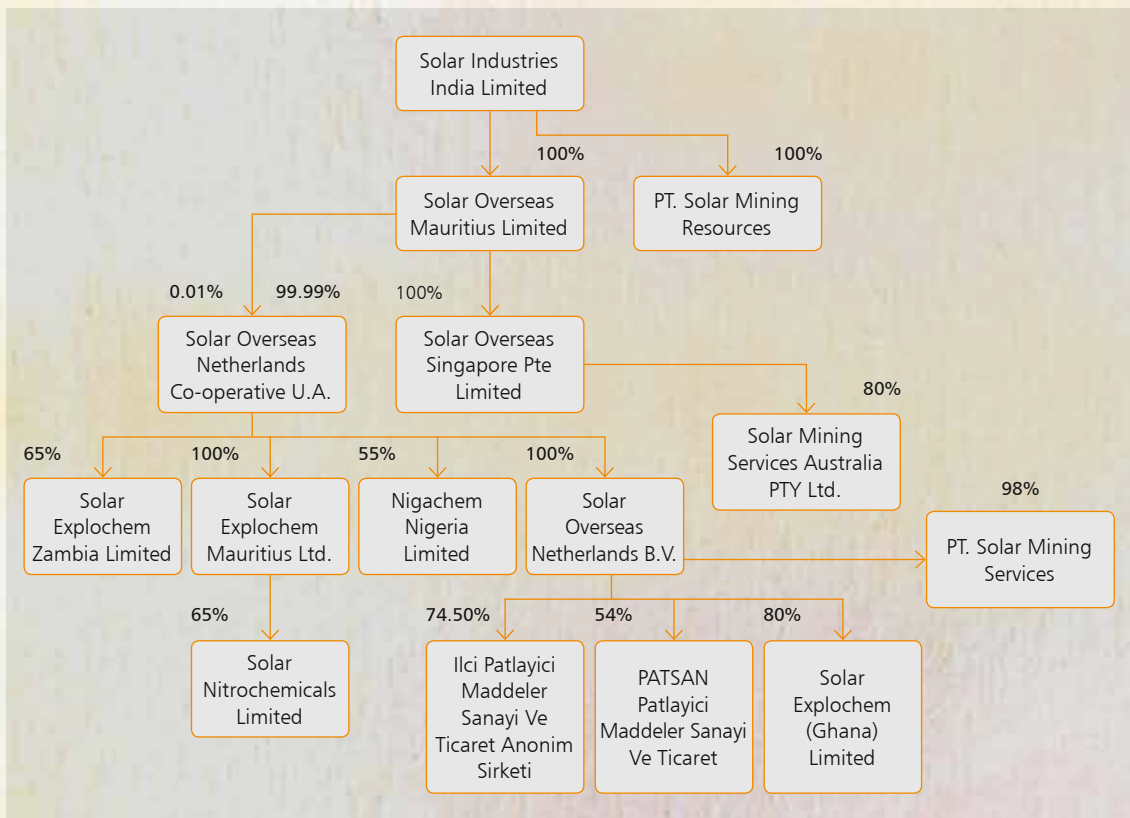
During the year under review, following step down Subsidiary Company was incorporated through our step down subsidiary Solar Overseas Netherlands B.V. at Indonesia:

- P.T. Solar Mining Services.

#### Transfer of Stake:-

- During the year under review, Solar Industries India Limited has transferred its 74% stake in Navbharat Coalfields Limited to Navbharat Fuse Company Limited on the terms and conditions defined in various definitive Agreements.

Overseas Holding Structure of Solar Industries India Limited



Subsidiaries Financial Statement

The Ministry of Corporate Affairs (MCA) by General Circular No. 2/2011 dated February 08, 2011, had granted an exemption to companies from complying with Section 212 of the Companies Act, 1956, provided such companies fulfil conditions mentioned in the said circular. Accordingly, the Board of Directors of your Company at its meeting held on May 27, 2013, approved the Audited Consolidated Financial Statements for the financial year 2012-13 which includes financial information of all its subsidiaries and forms part of this report.

The Consolidated Financial Statements of your Company for the financial year 2012-13, have been prepared in compliance with the applicable Accounting Standards and the Listing Agreement, where applicable, as prescribed by the Securities and Exchange Board of India.

The annual accounts and financial statements of the subsidiary companies of your Company and related detailed information shall be made available to members on request and are open for inspection at the Registered Office of your Company. Your Company has complied with all the conditions as stated in the circular and accordingly has not attached the financial statements of its subsidiary Companies for the financial year 2012-13. A statement of summarised financials of all subsidiaries of your Company including capital, reserves, total assets, total liabilities, details of investment, turnover, etc., pursuant to the General Circular issued by the Ministry of Corporate Affairs, forms part of this report.

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

Management is responsible for the preparation of the Consolidated Financial Statements and related information that are presented in this report. The Board of Directors of your Company at its meeting held on May 27, 2013, approved the Audited Consolidated Financial Statements for the financial year 2012-13 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 2012-13, are prepared in compliance with applicable Accounting Standards based on the 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 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 and undergoes changes to suit the changing times and needs of the business, society and the nation.

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

## Allotment of Equity Shares on Preferential basis:

The Company has entered into a Subscription-cum-Shareholders Agreement (SSA) with Oman India Joint Investment Fund (OIJIF) on August 16, 2012, pursuant to which an amount of Rs. 72,00,01,350/- has been received during the year from OIJIF towards subscription to equity shares in the Company.

In terms of the special resolution passed at the Extraordinary General meeting of the members of the Company, held on August 27, 2012, the Company was authorised to issue 7,74,195 Equity Shares to OIJIF, on preferential basis, at a price of Rs. 930/- per Equity Share, determined in terms of SEBI's Issue of Capital and Disclosure Requirement (ICDR) Guidelines. Accordingly, the Board of Directors of the Company, at its meeting held on September 06, 2012, allotted 7,74,195 Equity Shares of Rs. 10/- each on preferential basis at a premium of Rs. 920/- per share to OIJIF.

## Unclaimed application monies Received During Initial Public Offer

As per Section 205C of Companies Act, 1956; the Application Money received during Initial Public Offer (IPO) which have remained unclaimed and unpaid for a period of seven years from the date they became due for payment shall be credited to the Investor Education and Protection Fund (IEPF) administered by the Central Government and thereafter cannot be claimed by investors.

The Board in its Board Meeting dated April 8, 2013, has approved the transfer of Application Moneys amounting to Rs. 2,70,940/- (Rupees Two Lac Seventy thousand and Nine Hundred forty only) received during Initial Public Offer for allotment of Shares and lying in IPO Accounts due for refund to Investor Education and Protection Fund (IEPF) Account within the specified due date.

In view of the unpaid Dividends also, Members of the Company, who have not yet encashed their dividend warrant(s) may write to the Company immediately.

In accordance with newly inserted Clause 5A of Listing Agreement, the Company has identified 4 folios comprising of 134 equity shares of face value of Re.10/- each, which are unclaimed as on March 31, 2013. The Company has sent the reminders to the concerned shareholders in accordance with the said clause.

## Management Discussion and Analysis Report:

A detailed review of operations, performance and future outlook of your Company and its businesses is given in the Management Discussion and Analysis, which forms part of this 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.

## 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, 2013, the applicable Accounting Standards have been followed and there are no departures.
- ii. Accounting policies have been selected and applied consistently and judgments and estimates made that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period.
- iii. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of this act for safeguarding the assets of the Company and detecting fraud and other irregularities.
- iv. Annual accounts for the year ended March 31, 2013, have been prepared on a going concern basis.

## Appreciation & Acknowledgement

Your Directors are thankful to the various Central and State Government Departments and Agencies for their continuous help and co-operation. The Directors are grateful to the various stakeholders, customers, shareholders, banks, dealers, vendors and other business partners for the excellent support received from them during the year under review.

Your Directors wish to place on record their sincere appreciation to all employees for their commitment and continuous contribution to the Company.

For and on behalf of the Board

Place : Nagpur

Date : May 27, 2013

(Satyanarayan Nuwal)

Director

ANNEXURE 1 - FORMING PART OF THE

**DIRECTOR'S REPORT**

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

**A. Conservation of Energy**

The Company has always been a forerunner in conservation of energy and natural resources. All manufacturing processes and products are designed for minimising carbon footprints and are being continuously upgraded to consistently achieve this goal. The Company has a distinction of having all its plants certified for ISO 14000 and 18000 which is a culmination of our sustained efforts and our policy of protecting environment and natural resources.

The pioneering effort of the Company in rainwater harvesting is yielding extremely encouraging results. Construction of benches, trenches, open reservoirs and check dams in the large open land areas in the plant has resulted in considerable increase in the water table in and around the plant area, thus ensuring year-round water availability not only for our plant operation & plantation but also enables the

Company to supply water to nearby villages during summer time. Moreover, availability of rain water-a soft water-in the open ponds, saves on water softening and pumping energy cost.

The Company has already completed various energy saving measures by installing highly efficient dynamic water cooled boiler, installing condensate recovery system, installing screw compressors in place of reciprocating compressors, reusing plant waste water for horticulture after necessary treatment and operating electrical water pumps at night as far as possible, etc.

We are working on better synchronisation between steam generation and steam consumption to save energy cost.

The steps have resulted not only in saving the energy and 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
1.	POWER AND FUEL CONSUMPTION	
	ELECTRICITY	
(a)	Purchase unit (in Kwh.)	6575426 Unit
	Total Amount (in Rs)	51449505
	Rate/Unit (in per Kwh.)	7.82 Per unit
(b)	Own Generation	
(i)	Through diesel Generator (in Kwh)	407490 Units
	Total Amount (in Rs.)	5196805
	Average Rate	12.75 per unit
(ii)	Through steam Turbine/Generator unit	N.A.
	Units/Litre of fuel/oil Gas	
	Cost/Unit	

## Form for Disclosure of Particulars with respect to Form "A" Conservation of Energy. (Contd.)

		Current Year
2.	COAL/SOLID FUEL	
	Quantity M.T.	7756.947
	Total Cost	37767592
	Average rate/ MT.	4868.87
3.	FURNACE OIL	
	Quantity (LTR).	95094
	Total Cost	4020917
	Average rate/ (LTR).	42.28

## Form "B"

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

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

- Our R & D activities run parallel to the activities in our principal areas of operation
- Developing Electronic Detonators with new features.
- Developing products for Defence application.
- Developing bulk delivery systems & formulations for use in different types of tunnelling and underground operations.
- Studying of alternate process and implementation to enhance safety and productivity.
- Improving packaging standards, enhancing shelf life of packaged Explosives and Accessories.
- Analysing processes in the field of Emulsion as well as PETN based boosters.

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

- Improved safety compliance and enhanced environment protection.
- Introduced value added products on commercial basis.

- Helped in backward integration in the Company's major products.

- Modification of existing process for some of the products and savings in the cost of production.

- R & D has benefited the Company in the improvement of quality of Emulsion Based Explosives.

## (c) Future plan of action:

- Introducing new products for different application in Defence Sector.
- Tracking and traceability of each cartridge and detonator.
- Reviewing packaging standards by looking at international markets.
- Designing new delivery systems for big opencast mines.
- Develop substitute eco-friendly chemicals to eliminate hazardous chemicals in the processes.
- Improving shelf life, quality, shop-floor safety of Emulsion-Packaged Explosives.
- Development of alternate process to enhance safety in PETN manufacturing.



(d) Expenditure on R&D:		(Rs. in lac)
i.	Capital	950.49
	Recurring	274.63
	Total	1225.12
ii.	R&D Expenditure percentage of Turnover	1.28%

## B. Technology absorption, adaptation and innovation

■ **Efforts in Brief :** The Company has full fledged R & D Division engaged in research on new products, processes and study on the existing manufacturing process, optimisation of process parameters to improve the product quality, safety and cost saving.

■ **Technology:** After the successful development of any new technology for a product or manufacturing process, it is tested in our specified testing plants before implementing it on regular basis. Most of the existing manufacturing processes and technology has been developed in-house and occasionally seeks advice of experts from India as well as from overseas source. The Company is not dependent on any foreign Technology for its existing

product line and strives continuously for technology development and absorption for new products.

■ **Benefits:** Product quality improvement, reduction in production losses, production flexibility and improved safety.

## C. Foreign exchange Earnings and Outgo

		(Rs. in lac)
(a)	<b>Earnings in Foreign Exchange</b>	
	Export of goods calculated on FOB basis (CIF basis value)	9094.62
	On Account Commission	11163.22
(b)	<b>Remittances in Foreign Exchange:</b>	
	On account of Bank Interest	625.67
	On account of Sales Commission	294.33
	On account of Ocean Freight	810.49
	On account of Sales Promotion	157.08
	On account of Other Expenses	446.47



## CORPORATE GOVERNANCE

### Introduction

Report for the financial year ended March 31, 2013, in compliance with the Corporate Governance requirements under Clause 49 of the Listing Agreement, is furnished below.

Corporate Governance refers to the system by which corporations are directed and controlled. The governance structure specifies the distribution of rights and responsibilities among different participants in the corporation (such as the board of directors, managers, shareholders, creditors, auditors, regulators, and other stakeholders) and specifies the rules and procedures for making decisions in corporate affairs. Governance provides the structure through which corporations set and pursue their objectives, while reflecting the context of the social, regulatory and market environment. Governance is a mechanism for monitoring the actions, policies and decisions of corporations. Governance involves the alignment of interests among the stakeholders.

### 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 viz. ethical practices, concern for people at work, delight of customers and striving to meet the stakeholder's expectations. The focused approach, professionalism of the Board and fair and transparent processes have led your Company to reach new heights.

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

- Appropriate composition and size of the Board, with each Director bringing in key expertise in different areas.
- Proactive flow of information to the members of the Board and Board Committees to enable effective discharge of fiduciary duties.

- Ethical business conduct by the board, management and employees.
- Full-fledged systems and processes for internal controls on all operations, risk management and financial reporting.
- Timely and accurate disclosure of all material, operational and financial information to the stakeholders.

#### Solar Industries 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, 2013 is as follows:

Category	No. 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 appointed during the year:

Shri Amrendra Verma, age about 60 years, is an M.A. After completing M.A., he had joined SBI in 1975 as probationary officer. During his career in the Bank, he had shown his expertise in various assignments in India as well as in offices abroad. He has also held the position of GM of International Division. He was the President and COO of SBI Capital Markets Limited. He also headed the bank as Deputy Managing Director Mid Corporate Group, SBI and Deputy Managing Director & Chief Credit and Risk

Officer, SBI. After superannuation from Bank in December 2011, he served as an Advisor in the Bank till July 2012.

He is also a Director in Security & Intelligence Services (India) Limited.

### Particulars of Directors proposed for reappointment:

In terms of Articles of Association of the Company and the relevant provisions of Companies Act, 1956, Shri Anant Sagar Awasthi, Shri Dilip Patel, Shri Satish Chander Gupta and Shri Ajai Nigam retire by rotation at the ensuing Annual General Meeting and on being eligible, offer themselves for re-appointment.

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

**Shri Anant Sagar Awasthi**, age about 72 years, is an MA, LLB and an IAS Officer of the batch of 1965. At the start of his career as an IAS Officer, he started with the position as an Assistant Commissioner Sales Tax. At the time of his retirement in the year 2001, he was Director (Higher Education - Special Secretary Education, Government of Delhi). During his career he has held several posts in the capacity of Joint Director in Departments like Industries, Social Welfare, Food and Civil etc. He also held positions like Director Personnel MCD, Director Public Grievances, Senior General Manager, Delhi State Civil Supply Corporation and S.D.M., Delhi. He is also Director in Economic Explosives Limited.

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

He is also a Director in Eurotex Industries & Exports Limited, Malladi Drugs & Pharmaceuticals Limited, Godavari Drugs Limited, Polysat Plastics Private Limited, Celestlal Biotech Limited and Minex Metallurgical Company Limited.

**Mr. Satish Chander Gupta**, age about 68 years is M.Com & CAIIB and former Chairman & 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 31st May 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 & 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 alike was the core area of his operations. In IOB and PNB, he dabbled with Treasury Operations as well apart from Corporate Planning and Manpower Management.

He is also Director in ISMT Limited, Emmons International Limited, SMC Wealth Management Services Limited, Jai Balaji Industries Limited, Brahmaputra Infrastructure Projects Limited, Brahmaputra Infrastructure Limited, ORBIT Corp. Limited and Gujarat Foils Limited.

**Mr. Ajai Nigam**, age about 64 years, is M.Sc. (Chem. Engg.) and L.L.B. He retired as Chief Controller of India, Govt. of India, Petroleum & Explosives Safety Organisation (PESO) Nagpur and 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 new 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 Govt. of India and also presented 16 papers in various National/ International forums. He has visited USA, UK, SWEDEN & GERMANY on important Government assignments.

## 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 to Clause 49 of the Listing Agreement is placed before the Board to enable it to discharge its responsibility of strategic supervision of the Company as trustees of the shareholders. The Board also reviews periodically the compliance of all applicable laws. The Members of the Board have complete freedom to express their opinion and decisions are taken after detailed discussion.

### The normal business of the Board includes:

- Annual operating plans and budgets, capital budgets and any updates thereon
- Quarterly results of the Company
- Board remuneration policy and individual remuneration packages of Directors
- Convening a meeting of shareholders of the Company, setting the agenda thereof and ensuring that a satisfactory dialogue with shareholders takes place
- Declaration / recommendation of dividend
- Review of functioning of the Board and its Committees
- Review of functioning of the Subsidiary Companies
- Annual review of accounts for adoption by shareholders
- Materially important show cause, demand, prosecution and penalty notices
- Fatal or serious accidents or dangerous occurrences

- Any materially significant effluent or pollution problems
- Any materially relevant default in financial obligations to and by the Company or substantial non-payment for goods sold by the Company
- Details of any Joint Venture or Collaboration Agreement
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property
- Significant labour problems and their proposed solutions
- Significant development in the human resources and industrial relations front
- Sale of material, nature of investments, subsidiaries, assets, which is not in the normal course of business
- Quarterly details of foreign exchange exposure and the steps taken by management to limit the risks of adverse exchange rate movement

The Board of the Company is presented with all the information under the above heads,

whenever applicable. These are submitted either as part of the agenda papers well in advance of the Board meeting or are tabled in the course of the Board meeting.

## Board Procedures

The Company holds atleast four Board meetings in a year, one in each quarter to review the financial results and other items of the agenda and the gap between the two Board meetings do not exceed four calendar months. Apart from the four scheduled Board meetings, additional Board meetings are also convened to address the specific requirements of the Company. Urgent matters are also approved by the Board by passing resolutions through circulation. Every Director on the Board is free to suggest any item for inclusion in the agenda for the consideration of the Board.

During the year 2012-13, the Board of Directors met Five times i.e. on May 25, 2012, July 30, 2012, September 06, 2012, November 05, 2012 & February 06, 2013. 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 2012-2013

Name of the Director	Category	Attendance at	
		Board Meeting	Last AGM
Satyanarayan Nuwal	Chairman and Executive Director	5/5	Yes
Kailashchandra Nuwal	Executive Director	3/5	Yes
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	4/5	---
Satish Chander Gupta	Non-Executive Independent Director	4/5	---
Ajai Nigam	Non-Executive Independent Director	3/5	Yes
Amrendra Verma <sup>1</sup>	Non-Executive Independent Director	2/2	---
Anand Kumar <sup>2</sup>	Non-Executive Independent Director	3/4	---

1. Appointed as Director w.e.f November 05, 2012.

2. Ceased to be Director w.e.f November 05, 2012.

## 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, 2013

Name of Director	Category	Number of Directorships (including SIIIL)	Chairmanship in committees of Board (including SIIIL)	Membership in committees of Board (including SIIIL)
Satyanarayan Nuwal	Chairman and Executive Director	10	-	-
Kailashchandra Nuwal	Executive Director	05	-	-
Manish Nuwal	Executive Director	06	-	-
Kundansingh Talesra	Executive Director	02	-	-
Roomie Dara Vakil	Executive Director	02	-	-
Anant Sagar Awasthi	Non-Executive Independent Director	02	02	-
Satish Chander Gupta	Non-Executive Independent Director	09	01	07
Dilip Patel	Non-Executive Independent Director	07	02	03
Ajai Nigam	Non-Executive Independent Director	01	-	-
Amrendra Verma <sup>1</sup>	Non-Executive Independent Director	02	-	-
Anand Kumar <sup>2</sup>	Non-Executive Independent Director			

### Notes

- Directorship does not include 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 had not held chairmanship in more than five committees across all companies in which he was a director as on March 31, 2013 and none of them have acquired any disqualification as per section 274(1) (g) of the Companies Act, 1956.

1.Appointed as Director w.e.f November 05, 2012.

2.Ceased to be Director w.e.f November 05, 2012.

## Directors Shareholding

Table 3 provides details of equity shares held by each of the Directors in their individual name as on March 31, 2013.

Table: 3

Name	No. of Equity Shares held
Satyanarayan Nuwal	3938098
Kailashchandra Nuwal	3470851
Manish Nuwal	860813
Kundan Singh Talesra	500
Roomie Dara Vakil	10

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

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

## Code of Conduct

The Board of Directors laid down a Code of Conduct for all the board members and senior management of the Company. This code has been posted on the web-site of the Company [www.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 subcommittees and management to assist in discharging its duties. Appropriate structures for those delegations are in place, accompanied by monitoring and reporting systems. Each subcommittee acts within agreed, written terms of reference. The chair of each subcommittee 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 information or 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 other Indian as well as foreign subsidiaries,
- Review of related party transactions.

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

The Chairman of the Audit Committee Shri Anant Sagar Awasthi attended the last Annual General Meeting held on August 11, 2012.

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 2012-2013.

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 25, 2012, July 30, 2012, November 05, 2012 & February 06, 2013. The gap between any two meetings has been less than four months.

### Composition and attendance

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

**Table 4: Composition and Attendance of Audit Committee as on March 31, 2013**

Name of Director	Designation	Number of meetings attended
Shri Anant Sagar Awasthi	Chairman	4/4
Shri Satish Chander Gupta	Member	4/4
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 Discussion and Analysis.



## Management Development

The Management's Discussion and Analysis on Company's performance – industry trends and other material changes with respect to the Company and its subsidiaries, wherever applicable are presented on pages 24 - 31 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. The same has been converted into Remuneration and Compensation Committee during last year. Its principal scope/ role is to recommend remuneration package for Executive Directors/ Senior management personnel as and when required.

The Committee accordingly meets only as per needs. No meeting was held during the financial year 2012-2013.

## Remuneration policy for Directors

### Executive Directors Remuneration:

The remuneration package of the Executive

Directors is normally fixed on 3/5 years service contract basis, by the Remuneration Committee.

Table 5 provides the remuneration paid to the Executive Directors for the services rendered during the financial year 2012-2013.

### 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 2012-13

Table 6 provides the remuneration paid to the Non-Executive Independent Directors for the services rendered during the financial year 2012-2013.

No stock options were issued by the Company during the year under report.

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

Table 5: Remuneration paid to Executive Directors during the year 2012-2013

Executive Directors	Relationship with other Directors	Salary (Rs. in lakhs )	Commission (Rs. in lakhs)	Gratuity (Rs. in lakhs)
Satyanarayan Nuwal	Brother of K.C Nuwal/ Father of Manish Nuwal	60.00	133.00	0.96
Kailashchandra Nuwal	Brother of S . N Nuwal/ uncle of Manish Nuwal	60.00	133.00	23.08
Manish Nuwal	Son of S.N Nuwal/ Nephew of K.C Nuwal	60.00	133.00	14.42
Kundan Singh Talesra	-	18.60	-	2.74
Roomie Dara Vakil	-	21.60	-	1.38

**Table 6: Remuneration paid to Non-Executive Directors during the year 2012-13**

Non-Executive Directors	Sitting Fees (Rs.)
Anant Sagar Awasthi	140000
Satish Chander Gupta	120000
Dilip Patel	120000
Ajai Nigam	60000
Anand Kumar	60000
Amrendra Verma	40000

**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 etc. 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 4 times during the year on May 25, 2012, July 30, 2012, November 5, 2012, & February 6, 2013. Its composition and attendance is given hereunder:

**Table 7: Composition and attendance of Investor Grievance Committee as on March 31, 2013**

Name of Director	Capacity	No. of Meetings held	No. of Meetings Attended
Anant Sagar Awasthi	Chairman	4	4
Kailashchandra Nuwal	Member	4	2
Kundan Singh Talesra	Member	4	4

### Nature of Complaints and Redressal Status

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

**Table 8: Nature of Complaints and redressal status as on March 31, 2013**

SR. No.	Name of Director	Capacity	No. of Meetings held	No. of Meetings Attended
1.	Non Receipt of Dividend warrant	25	25	0
2.	Non receipt of Annual report	13	13	0
3.	Others	2	2	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 every quarter to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The audit confirms that the total issued/paid up capital is in agreement with the aggregate total number of shares in physical form, shares allotted & advised for demat credit but pending execution and the total number of dematerialised shares held with NSDL and CDSL.

## Third layer Governance by Shareholders

### a) General Body Meetings

Table 9: Information of last three Annual General Meetings (AGMs) held:

Year	Location	Date & Time	Special Resolution
18th AGM 2013	Hotel Tuli Imperial , Central Bazar, Ramdaspath Nagpur 440010	September 11, 2013 at 11.30 A.M.	NIL
17th AGM 2012	Hotel Tuli Imperial , Central Bazar, Ramdaspath Nagpur 440010	August 11, 2012 at 12.30 P.M.	NIL
16th AGM 2011	Hotel Tuli Imperial , Central Bazar, Ramdaspath Nagpur 440010	August 10, 2011 at 12.30 P.M.	NIL

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 August 27, 2012. In this meeting members approved the allotment of 7,74,195 fully paid up equity shares of the Company of Rs. 10/- each on preferential basis to Oman India Joint Investment Fund at a price of Rs. 930/- per share

## 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 2012-13, 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, etc.

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

### Annual Report:

Annual Report containing, inter alia, Audited Annual Accounts, Consolidated Financial

Statements, Director's Report, Auditor's Report and other important information is circulated to members and others entitled thereto. The Management Discussion and Analysis (MD&A) 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 entire shareholder's at the Annual General Meeting. The same is also placed on the website [www.solargroup.com](http://www.solargroup.com)

**Designated Exclusive email-id :**

The Company has designated the following email-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 2012-13 is scheduled on Wednesday the 11th day of September, 2013. The meeting will be conducted at Hotel Tuli Imperial, Central Bazar, Ramdaspath, Nagpur – 440 010, Maharashtra.

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

The last date for receipt of proxy forms by us is September 9, 2013, before 12.30 p.m.

## 2. Financial Calendar

Our Tentative calendar for declaration of results for the Year 2013-2014 is given below

**Table 10: Financial results schedule for the year 2013-2014**

Particulars	Tentative Schedule
Financial Reporting for the Quarter ending June 30, 2013	On or before August 15, 2013
Financial Reporting for the Quarter ending September 30, 2013	On or before November 15, 2013
Financial Reporting for the Quarter ending December 31, 2013	On or before February 15, 2013
Financial Reporting for the Year/Quarter ending March 31, 2014	On or before May 30, 2014
Annual General meeting for the Year ending March 31, 2014	August, 2014

For the year ended on March 31, 2013 results were announced on May 27, 2013.

For the Quarter ended on June 30, 2013 results were announced on August 05, 2013.

## 3. Dates of Book Closure

September 3, 2013 to September 13, 2013 (both days inclusive).

## 4. Dividend:

The Board of Directors of the Company has proposed a dividend at 60% for the financial year ended on March 31, 2013, 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 September 19, 2013:

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 September 2, 2013.
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 September 2, 2013.

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.

The dividend amount shall be credited in the

shareholders bank account directly through NECS. Alternatively physical warrant / Demand Draft shall be posted to the shareholders at their registered address available with the Depository/ Company. The intimation for credit of dividend amount through NECS shall also be sent to the shareholders through E-mail/ordinary post thereafter.

## 5. Listing on Stock Exchanges

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

Table 11: 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 01.04.2012 to 31.03.2013 is as follows:

Table 12: Market Price data of Solar Industries India Limited

MARKET PRICE DATA OF BSE & NSE STOCK EXCHANGES 2012- 2013								
Months	Bombay Stock Exchange				National Stock Exchange			
	Share Price		Sensex Points		Share Price		S & P CNX Nifty Points	
	High	Low	High	Low	High	Low	High	Low
April '2012	894.00	736.00	17664.10	17010.16	855.00	740.00	5342.45	5154.30
May	870.00	790.00	17432.33	15809.71	870.00	791.20	5279.60	4788.95
June	948.00	815.05	17448.48	15748.98	949.55	775.00	5286.25	4770.35
July	955.00	900.00	17631.19	16598.48	948.00	901.50	5348.55	5032.40
August	1024.00	895.00	17972.54	17026.97	1025.00	892.05	5448.60	5164.65
September	1009.45	943.00	18869.94	17250.80	1009.00	942.10	5735.15	5215.70
October	1019.00	965.15	19137.29	18393.42	1009.95	868.00	5815.35	4888.20
November	1010.00	825.00	19372.70	18255.69	1019.85	930.10	5885.25	5548.35
December	1069.50	933.00	19612.18	19149.03	1070.00	931.00	5965.15	5823.15
January '2013	1075.00	949.00	20203.66	19508.93	1068.85	945.55	6111.80	5935.20
February	1099.00	944.80	19966.69	18793.97	1094.70	946.00	6052.95	5671.90
March	1035.00	938.05	19754.66	18568.43	1032.00	930.00	5971.20	5604.85

**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, 2013****Table 13: Shareholding pattern as on March 31, 2013**

Shareholding of nominal value (Rs.)	No. of share holders	% of total Number of shareholders	Shares held in each class	
			Nominal Value of shares	% of total
1 -- 5000	4970	95.5953	2481850	1.3713
5001 – 10000	74	1.4234	548220	0.3029
10001 – 20000	57	1.0964	854180	0.4720
20001 – 30000	23	0.4424	569310	0.3146
30001 – 40000	11	0.2116	389610	0.2153
40001 – 50000	5	0.0962	245780	0.1358
50001 – 100000	12	0.2308	825510	0.4561
100001-- *****	47	0.9040	175065650	96.7320
<b>TOTAL</b>	<b>5199</b>	<b>100.00</b>	<b>180980110</b>	<b>100.00</b>

**Table 14: Shareholding Pattern (Category wise) as on March 31, 2013**

Sl. No.	Category	No. of Shareholders	Total Shares	% Total Share holding
1	Promoters	14	12979327	71.7169
2	Resident Individuals(public)	4790	598237	3.3055
3	Foreign Institutional Investors	23	224736	1.2418
4	Trust	2	200	0.0011
5	Mutual Funds	28	2732706	15.0995
6	Clearing Members	42	10749	0.0594
7	Other Bodies Corporate	125	839194	4.6369
8	Non Resident Indians	172	27879	0.154
9	Non Nationalised Banks	2	610	0.0034
10	G I C & Its Subsidiaries	1	684373	3.7815
	<b>TOTAL</b>	<b>5199</b>	<b>18098011</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 viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

18098011 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 15 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 15: Details of shares lying in Demat Escrow Account**

Sr. no.	APPLNO	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
			<b>Total</b>	<b>134</b>

**Table 16: Major 10 Shareholders as on March 31, 2013 (other than promoters)**

Sr. no.	Name	Holding	Percentage
1	Oman India Joint Investment Fund	774195	4.2778
2	ICICI Prudential Life Insurance Company Limited	684373	3.7815
3	HDFC Trustee Company Limited - A/C HDFC Mid-cap Opportunities Fund	600000	3.3153
4	HDFC Trustee Company Limited A/C HDFC Growth Fund	466579	2.5781
5	Birla Sun Life Trustee Company Private Limited a/c Birla Sun Life Midcap Fund	424002	2.3428
6	HDFC Trustee Company Limited - HDFC Tax Saver Fund	198900	1.0990
7	DSP Blackrock Micro cap Fund	171294	0.9465
8	HDFC Trustee Company Limited - HDFC Capital Builder Fund	145000	0.8012
9	HDFC Trustee Company Limited A/C HDFC Balanced Fund	143000	0.7901
10	Birla Sun Life Trustee Company Private Limited A/c India Excel (Offshore Fund)	135000	0.7459

## 12. Plant Locations as on May 27, 2013

Table 17: Plant Locations as on May 27, 2013

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 Ind.Area, , Dist.-Sidhi,	Waidhan , Madhya Pradesh
5	Survey No.101, Warur Road, Tahsil-Rajura,	Chandrapur, Maharashtra.
6	Kh. No.5 Village-Mudapur, Tahsil-katgora,	Korba, Chattisgarh.
7	Plot No. 967 & 1156, Mouza Manua, Tahsil-Ramgarh Cant.,	Hazribagh, Jharkhand.
8	MIDC Plot No. B-11, Chandrapur (Tadali) Growth Center,	Tadali, Distt- Chandrapur Maharashtra.
9	Kandra Industrial Area, plot No. C-32 (p) & C-33 (p),	Dhanbad, Jharkhand.
10	Mouza Barapukuria, Plot No. 2/848, P.S.Asansol (North), Tahsil-Asansol,	Burdwan, West Bengal.
11	IDCO Plot No.27, Revenue Plot No.48(P), Village Ghontapada Industrial Estate Talcher,	Angul, Orissa.
12	KH. No.323/2, P.H.No.30, Mauza Chainpur, Tahsil-Manendragarh,	Koria, Chattisgarh.
13	Survey No.363, Kamanpur (mandal), Village Musthyala (A)	Karimnagar, Andra Pradesh
14	Mauza Behrapalli, Plot No: 389 & 392,	Jharsuguda, Orissa
15	Plot No.380(p), Khata no. 48 Mauza Barughuttu	P.O west Bokaro, Dist Ramgarh
16	Khasra No.975/2, Ganyari	Dist. Singrauli (M.P)
17	Khasra No.1459 & 1460, Village Rupaheli	Tahsil Hurda, Dist Bhilwara (Raj.)
18	MIDC, Plot No- B-13, Umrer Growth Center, Teh- Umrer	Teh- Umrer, Distt- Nagpur

### 13. Address for correspondence

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

The Compliance Officer/Company Secretary  
Solar Industries India Limited  
11, Zade Layout, Bharat Nagar,  
Nagpur, Maharashtra  
Tel: (0712) 2561000, 2561010  
Fax: (0712) 2560202  
Email: investor.relations@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 web site, [www.solargroup.com](http://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 2012-13.

### 4. Audit Qualifications

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

### 5. Disclosures by the Management

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

### 6. Warning against Insider Trading

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

## 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 2012-13, and will be sent to the stock exchanges along with this annual report to be filled by the Company.

## DECLARATION BY SHRI MANISH NUWAL

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

- The Board of Directors of SIIIL has laid down a code of conduct for all the Board members and senior management of the Company. The said code of conduct has also been posted on Company's website [www.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, 2013.

For Solar Industries India Limited

(Manish Nuwal)  
Director

Dated: May 27, 2013

## **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, 2013 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 an, of the management or an employee having a significant role in the Company's internal control system.

For Solar Industries India Limited

(Kundan Singh Talesra)  
Chief Executive Officer

(Nilesh Panpaliya)  
Chief Financial Officer

Dated May 27, 2013

## **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, 2013.

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 27, 2013

## INDEPENDENT AUDITOR'S REPORT

To the Members of  
Solar Industries India Ltd.

### Report on the Financial Statements

We have audited the accompanying financial statements of M/s. Solar Industries India Ltd., ("the Company"), which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and

according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013.
- 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.

### Report on Other Legal and Regulatory Requirements

a) 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.

b) As required by Section 227(3) of the Act, 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, the 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, 2013 from being appointed as director under Section 274(1)(g) of the Companies Act, 1956.

For Gandhi Rathi & Co.,  
Chartered Accountants

(C.N. Rathi)  
Partner

Place: Nagpur  
Dated: 27th May 2013

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



## ANNEXURE TO THE AUDITOR'S REPORT

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 2013

- 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 towards such Companies was ₹ 9230.73 Lacs. (Including interest free loan of ₹ 8590.07)
- 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 principal amounts are repayable over a period of times to five years while interest is payable annually at the discretion of the Company.
- 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 ₹ 1193.72 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 principal amounts are repayable over a period of times to five years while interest is payable annually at the discretion of the Company.
- 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, no dues are payable of sales tax, income tax, customs, wealth tax, excise duty, cess which have not been deposited on account of disputes.
- 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 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: 27th May 2013

M. No. 39895

Firm Reg .No. 103031W

**BALANCE SHEET** as at 31st March, 2013

(Amount in ₹ lacs)

Particulars	Note	As at 31.03.2013	As at 31.03.2012
<b>CAPITAL AND LIABILITIES</b>			
<b>Share holder's fund</b>			
Share Capital	1	1809.80	1732.38
Reserves and Surplus	2	37754.17	25235.99
		<b>39563.97</b>	<b>26968.37</b>
<b>Non-current liabilities</b>			
Long-term borrowings	3	2590.01	5652.74
Deferred tax liabilities (net)	4	1384.29	1501.25
Other Long-term liabilities	5	2.00	2.06
Long-term provisions	6	80.80	79.71
		<b>4057.10</b>	<b>7235.76</b>
<b>Current liabilities</b>			
Short-term borrowings	7	19172.09	16498.82
Trade payables	8	1683.84	6344.73
Other current liabilities	9	4698.29	4638.47
Short-term provisions	10	1738.61	1223.96
		<b>27292.83</b>	<b>28705.98</b>
<b>Total</b>		<b>70913.90</b>	<b>62910.11</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Fixed Assets</b>			
Tangible Assets	11	23333.26	17886.95
Capital Work-in-Progress	11	1733.44	1943.54
Non-current investments	12	6642.89	6572.24
Long-term loans and Advances	13	9558.06	10447.99
Other Non current Assets	14	320.21	433.81
		<b>41587.86</b>	<b>37284.53</b>
<b>Current assets</b>			
Current Investments	15	1441.94	271.02
Inventories	16	6531.70	7252.47
Trade receivables	17	10277.90	9307.54
Cash and Bank Balances	18	1009.19	1942.31
Short Term Loans and Advances	19	2885.98	1059.97
Other Current Assets	20	7179.33	5792.27
		<b>29326.04</b>	<b>25625.58</b>
<b>Total</b>		<b>70913.90</b>	<b>62910.11</b>
Significant Accounting Policies	21 to 36		
Notes on Financial Statements	1 to 20		

As per our Report of even date attached.

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

For and on behalf of the Board

C.N. Rathi  
Partner

M. No. 39895

Firm Reg. No. 103031W

Place: Nagpur

Date: 27th May, 2013

S.N. Nuwal  
DirectorK.C. Nuwal  
DirectorKhushboo Pasari  
Company Secretary



**STATEMENT OF PROFIT AND LOSS** for the year ended 31st March, 2013

(Amount in ₹ lacs)

Particulars	Note	As at 31.03.2013	As at 31.03.2012
<b>REVENUES</b>			
Revenue from operations	21	88698.76	72374.72
Other income	22	1764.48	2496.73
<b>Total revenue</b>		<b>90463.24</b>	<b>74871.45</b>
<b>EXPENSES</b>			
Cost of materials consumed	23	50902.29	39306.50
Purchases of Stock in Trade		7499.05	8914.42
Changes in inventories	24	(160.70)	(187.50)
Employee Benefit Expenses	25	3224.46	2414.82
Finance Costs	26	2190.52	2008.81
Depreciation and amortisation expenses		1031.23	804.77
Other Expenses	27	16245.49	13376.59
<b>Total expenses</b>		<b>80932.34</b>	<b>66638.41</b>
<b>Profit before exceptional items</b>		<b>9530.90</b>	<b>8233.04</b>
Less: Exceptional Items	28	1001.86	315.03
<b>Profit before tax</b>		<b>8529.04</b>	<b>7918.01</b>
<b>Tax expenses :</b>			
Current Tax		1706.47	1549.91
MAT Credit		(674.52)	–
Deferred Tax		(116.95)	279.48
Prior Period Taxes		32.49	–
		<b>947.49</b>	<b>1829.39</b>
<b>Profit / (Loss) for the period from continuing operations</b>		<b>7581.55</b>	<b>6088.62</b>
<b>Profit for the year</b>		<b>7581.55</b>	<b>6088.62</b>
<b>Earning per equity share of face value ₹ 10 each</b>		<b>42.68</b>	<b>35.15</b>
Significant Accounting Policies	21 to 36		
Notes to Financial Statements	1 to 20		

As per our Report of even date attached.

For Gandhi Rathi & Co.,  
Chartered Accountants

For and on behalf of the Board

C.N. Rathi  
Partner  
M. No. 39895  
Firm Reg.No. 103031W  
Place: Nagpur  
Date: 27th May, 2013

S.N. Nuwal  
Director

K.C. Nuwal  
Director

Khushboo Pasari  
Company Secretary

**CASH FLOW STATEMENT** for the year ended 31st March, 2013

(Amount in ₹ lacs)

Particulars	2012-13	2011-12
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Tax	8529.05	7917.99
Adjustments for :		
Depreciation	1031.23	804.77
Interest & Financial Expenses	2190.52	2008.81
Interest Income	(292.98)	(1537.14)
Dividend Income	(873.66)	(848.18)
Loss on Sale of Asset/Impairment of Assets	1.72	325.25
Provision for Adv w/off	1000.14	-
	<b>3056.97</b>	<b>753.52</b>
<b>Operating Profit before working Capital Changes</b>	<b>11586.02</b>	<b>8671.51</b>
(Increase)/Decrease in Trade Receivables	856.74	1451.63
(Increase)/Decrease in Other Current Assets	1387.06	4227.45
(Increase)/Decrease in Inventories	(720.75)	4602.97
Increase/(Decrease) in Trade payables & Other Credit balances	4173.29	(159.10)
	<b>5696.35</b>	<b>10122.95</b>
<b>Cash Generated from Operations</b>	<b>5889.67</b>	<b>(1451.45)</b>
Income Tax Paid	1031.95	1549.91
Prior Period Taxes	32.49	-
	<b>1064.45</b>	<b>1549.91</b>
<b>Net Cash from Operating Activities</b>	<b>4825.22</b>	<b>(3001.36)</b>
<b>B. Cash Flow From Investing Activities</b>		
Purchase of Fixed Assets	(6275.68)	(7116.25)
Sale of Fixed Asset	8.25	325.25
Increase in Current and Non-current investment	(1241.56)	72.44
Increase in Loans and Advances	(936.08)	91.26
Interest Income	292.98	1537.14
Dividend Income	873.66	848.18
Loss on Sale of Asset/Impairment of Assets	(1.72)	(325.25)
Provision for Adv w/off	(1000.14)	-
<b>Net Cash from Investing Activities</b>	<b>(8280.29)</b>	<b>(4567.23)</b>

**CASH FLOW STATEMENT** for the year ended 31st March, 2013 (Contd..)

(Amount in ₹ lacs)

Particulars	2012-13		2011-12	
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Issue of shares including share premium	7200.01		–	
Repayment of Long Term Borrowings	(2974.78)		(547.57)	
Proceeds from Long Term Borrowings	–		2492.08	
Short Term Borrowings (Net)	2673.26		7808.30	
Increase/(Decrease) in Other Long Term Liability	(0.06)		–	
Interest & Financial Expense	(2190.52)		(2008.81)	
Interim Dividend	(904.90)		(866.19)	
Proposed Dividend	(1085.88)		(866.19)	
Tax on Interim Dividend	(195.18)		(144.77)	
<b>Net Cash from Financing Activities</b>		<b>2521.95</b>		<b>5866.86</b>
<b>Net Increase in Cash &amp; Cash equivalents</b>		<b>(933.11)</b>		<b>(1701.73)</b>
<b>Notes :</b>				
1) Cash & Cash equivalents at the beginning of period		1942.30		3644.04
Cash & Cash equivalents at the end of period		1009.19		1942.30
		<b>(933.11)</b>		<b>(1701.73)</b>
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 attached.

For Gandhi Rathi & Co.,  
Chartered Accountants

For and on behalf of the Board

C.N. Rathi  
Partner  
M. No. 39895  
Firm Reg.No. 103031W  
Place: Nagpur  
Date: 27th May, 2013S.N. Nuwal  
DirectorK.C. Nuwal  
DirectorKhushboo Pasari  
Company Secretary

**SIGNIFICANT ACCOUNTING POLICIES** for the year ended 31st March, 2013**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, 2013, 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 capitalisation 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 from 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 recognised in the statement of profit and loss when the asset is derecognised.

**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** for the year ended 31st March, 2013

### **f. Borrowing Costs**

Borrowing cost includes interest, amortisation 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 capitalised 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 investments 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 recognise 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 recognised 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 recognised when right to receive is established. Interest income is recognised on time proportion basis taking into account the amount outstanding and rate applicable.

Revenues from hire charges for delivery of goods are recognised 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.

Any income or expense on account of exchange difference either on settlement or on translation is recognised in



## **SIGNIFICANT ACCOUNTING POLICIES** for the year ended 31st March, 2013

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.

### **I. Retirement and Other Employee Benefits**

Retirement benefit in the form of provided 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. Earnings 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 31.03.2013 and accordingly the Diluted Earnings per share and Basic Earnings per share will be same.

### **p. Provisions**

A provision is recognised 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 recognised 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 recognised because it is not probable than an outflow of resources will be required

## **SIGNIFICANT ACCOUNTING POLICIES** for the year ended 31st March, 2013

to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements. Contingent assets are neither recognised 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. Excise Duty / Service Tax and Sales Tax / Value Added Tax**

Excise duty / Service tax is accounted on the basis of both, payments made in respect of goods cleared / services provided as also provision made for goods lying in bonded warehouses. Sales tax /Output Value added tax and CST is charged to Profit and Loss account.

### **t. 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.

### **u. Capital Work-in-Process**

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

### **v. 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.

### **w. Sales Tax Incentives**

The Company has earned Sales Tax Incentives under package scheme of 1993 as Sales Tax Deferment. The Company is also eligible for the benefits of Industrial Promotion Subsidy Scheme 2007 under Mega Project 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.

### **x. 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.

### **y. 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.

**NOTES ON FINANCIAL STATEMENTS** for the year ended 31st March, 2013**Note - 1 SHARE CAPITAL***(Amount in ₹ lacs)*

Particulars	As at 31.03.2013	As at 31.03.2012
<b>a) Authorised Share Capital</b>		
27000000 Equity Shares of ₹ 10/- each	2700.00	2700.00
<b>Issued, Subscribed &amp; Paid up</b>		
18098011 Equity Shares of ₹ 10/- each	1809.80	1732.38
	<b>1809.80</b>	<b>1732.38</b>
<b>Shares issued in last 5 years</b>		
774195 shares at the face value of ₹ 10 each allotted at a premium of ₹ 920 in the year 2012-13		

**b) Details of Shareholders holding more than 5% Equity Shares**

Particulars	As at 31.03.2013		As at 31.03.2012	
	No. of share	% held	No. of share	% held
<b>Name of Shareholder - Percentage Held</b>				
1 Shri Satyanarayan Nuwal	3938098	21.76	2686211	15.51
2 Shri Kailashchandra Nuwal	3470851	19.18	2637925	15.23
3 Shri Nandlal Nuwal	NIL		2082313	12.02
4 Smt Indira Devi Nuwal	1094375	6.05	1094375	6.32
5 Smt. Leela Devi Nuwal	1015188	5.61	1015188	5.86
6 Smt. Sohan Devi Nuwal	929938	5.14	929938	5.37

**c) Reconciliation Statement of Shares Outstanding***(No. of Shares)*

Particulars	As at 31.03.2013	As at 31.03.2012
Number of Shares at the beginning of the year	173.24	173.24
Add: Shares issued during the year	7.74	–
<b>Number of Shares at the end of the year</b>	<b>180.98</b>	<b>173.24</b>

**Note - 2 RESERVES AND SURPLUS***(Amount in ₹ lacs)*

Particulars	As at 31.03.2013	As at 31.03.2012
<b>Capital Reserve</b>	428.95	428.95
<b>Security Premium Account</b>		
Opening Balance	7790.33	7790.33
Add - On issue of Share	7122.59	–
<b>Closing Balance</b>	<b>14912.92</b>	<b>7790.33</b>
<b>General Reserve</b>		
Opening Balance	8160.83	6160.83
Add:- Transfer from profit & Loss Account	2000.00	2000.00
<b>Closing Balance</b>	<b>10160.83</b>	<b>8160.83</b>
<b>Surplus in Statement of Profit and Loss</b>		
Opening Balance	8855.88	6644.41
Profit for the year	7581.55	6088.62
Less: Appropriations		
Interim Dividend	904.90	866.19
Proposed dividend on Equity Shares {Dividend Per share ₹ 6 (PY ₹ 5)}	1085.88	866.19
Tax on Dividend	195.18	144.77
Transfer to General Reserve	2000.00	2000.00
<b>Closing Balance</b>	<b>12251.47</b>	<b>8855.88</b>
<b>Grand Total</b>	<b>37754.17</b>	<b>25235.99</b>



**NOTES ON FINANCIAL STATEMENTS** for the year ended 31st March, 2013**Note - 3 LONG TERM BORROWINGS***(Amount in ₹ lacs)*

Particulars	As at 31.03.2013	As at 31.03.2012
<b>a) SECURED</b>		
1. Foreign currency Term Loan From Bank ECB*	1396.29	2616.69
<b>b) UNSECURED</b>		
From Other		
1. Sales Tax Deferral Loan	–	536.05
2. Loan from Related Party *** (see note no. 29)	1193.72	2500.00
	<b>2590.01</b>	<b>5652.74</b>

External Commercial Borrowing from DBS Bank amounting to 9000000 \$ 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 Commencing from 1st of Jan 2012 and ending on 1st Jan 2015

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

MATURITY PROFILE (₹ in Lacs)	
2014-2015	1396.63
<b>Unsecured Loan maturity profile -</b>	
2014-15	400
2015-16	400
2016-17	393.71

**Note - 4 DEFERRED TAX LIABILITY***(Amount in ₹ lacs)*

Particulars	As at 31.03.2013	As at 31.03.2012
Opening Balance	1501.24	1221.77
Addition during the year	(116.95)	279.48
	<b>1384.29</b>	<b>1501.25</b>

**Note - 5 OTHER LONG-TERM LIABILITIES***(Amount in ₹ lacs)*

Particulars	As at 31.03.2013	As at 31.03.2012
Unpaid dividends	1.89	1.89
Application money received for allotment of securities and due for refund and interest accrued there on	0.11	0.17
	<b>2.00</b>	<b>2.06</b>

**Note - 6 LONG TERM PROVISIONS***(Amount in ₹ lacs)*

Particulars	As at 31.03.2013	As at 31.03.2012
Claims Payable	80.80	79.71
	<b>80.80</b>	<b>79.71</b>

**NOTES ON FINANCIAL STATEMENTS** for the year ended 31st March, 2013**Note - 7 SHORT-TERM BORROWINGS**

(Amount in ₹ lacs)

Particulars	As at 31.03.2013	As at 31.03.2012
<b>SECURED</b>		
<b>Loan From Banks</b>		
Rupee Loan (SBI) Working Capital #	3586.57	746.82
Foreign Currency Loan (Working Capital / Packing Credit)#	6130.74	6432.20
<b>UNSECURED LOANS</b>		
<b>Buyers Credit Loans From Banks</b>		
Foreign Currency Loan	9454.78	6742.46
	19172.09	13921.48
From Related Party	–	2577.34
	<b>19172.09</b>	<b>16498.82</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, claims & bills receivables paripassu second charges on current & future fixed assets.

**Note - 8 TRADE PAYABLES**

(Amount in ₹ lacs)

Particulars	As at 31.03.2013	As at 31.03.2012
Micro, Small & Medium Enterprises *	248.04	159.36
Related Parties (see note no. 29)	900.43	217.14
Others	535.37	5968.23
	<b>1683.84</b>	<b>6344.73</b>

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

Particulars	As at 31.03.2013	As at 31.03.2012
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 - 9 OTHER CURRENT LIABILITIES**

(Amount in ₹ lacs)

Particulars	As at 31.03.2013	As at 31.03.2012
Current Maturities of long term Debt	1396.29	1308.34
Others Payables #	1031.40	1241.34
Interest accrued but not due on borrowings	37.52	56.50
Creditors for Capital Expenditure	97.90	43.40
Advances received from Customers	1007.53	816.83
Creditors for Transporter & Other	1127.65	1172.06
	<b>4698.29</b>	<b>4638.47</b>

# Other payable includes statutory dues & Expenses payable.

**Note - 10 SHORT TERM PROVISIONS**

(Amount in ₹ lacs)

Particulars	As at 31.03.2013	As at 31.03.2012
Provision for employee benefits	228.74	147.19
Others #	1509.87	1076.77
	<b>1738.61</b>	<b>1223.96</b>

# The Company had recognised liability on the basis of expenses incurred on substantial degree of estimation on sale of goods. Actual cash flow is expected in next Financial Year

## NOTES ON FINANCIAL STATEMENTS for the year ended 31st March, 2013

(Amount in ₹ lacs)

Assets	Gross block		Additions	Deductions	Gross block		Depreciation		Deductions on impairment/asset sale	Depreciation	Net block	
	As on 01.04.2012	As on 31.03.2013			As on 31.03.2013	During the period	Upto 01.04.2012	During the period			Upto 31.03.2013	As on 31.03.2012
Land	1837.58	2292.54	454.96	-	-	-	-	-	-	-	1837.58	2292.54
Plot	285.18	285.18	-	-	-	-	-	-	-	-	285.18	285.18
Civil Construction	6927.09	9296.90	2369.81	-	812.73	241.21	-	1053.93	-	-	6114.36	8242.97
Office Building	473.83	473.83	-	-	15.42	7.72	-	23.14	-	-	458.41	450.69
Plant & Machinery	8897.73	12306.46	3415.55	6.82	1709.17	439.36	2.45	2146.09	-	-	7188.56	10160.37
Furniture & Fixtures (F)	58.90	84.48	25.58	-	22.67	6.09	-	28.76	-	-	36.23	55.72
Furniture & Fixtures (O)	112.18	128.15	15.97	-	26.90	5.28	-	32.18	-	-	85.29	95.98
Office Equipment	510.10	575.25	65.16	-	224.59	59.13	-	283.72	-	-	285.51	291.54
Vehicles	2539.52	2669.73	138.76	8.55	953.45	272.44	4.67	1221.22	-	-	1586.07	1448.51
Plantation	9.76	9.76	-	-	-	-	-	-	-	-	9.76	9.76
	<b>21651.87</b>	<b>28122.28</b>	<b>6485.79</b>	<b>15.37</b>	<b>3764.93</b>	<b>1031.23</b>	<b>7.12</b>	<b>4789.04</b>	<b>7.12</b>	<b>7.12</b>	<b>17886.95</b>	<b>23333.26</b>

Capital work in progress

## 1. Capital Work in Progress includes:

	31.03.2013	31.03.2012
Project Development Expenditure	217.44	775.62
Machinery under Installation	656.97	396.02
Furniture & fixture under Installation	107.01	99.99
Building Under Construction	674.18	598.49
Vehicle	77.85	73.43
<b>TOTAL</b>	<b>1733.44</b>	<b>1943.54</b>
Opening Balance	775.62	171.77
Add :-		
Transfer from P&L	-	80.19
Interest Capitalisation	359.36	523.66
Less:-		
Project development Expenditure Capitalised during the year	(636.08)	-
	<b>498.90</b>	<b>775.62</b>

## Note - 11 - Detail of Project Development Expenditure

**NOTES ON FINANCIAL STATEMENTS** for the year ended 31st March, 2013

Note - 12 NON-CURRENT INVESTMENTS

(Amount in ₹ lacs)

Particulars	As at 31.03.2013	As at 31.03.2012
<b>LONG-TERM INVESTMENTS</b>		
<b>(Unquoted equity instruments)-At Cost</b>		
Equity share - 48,00,000 Nos. @ 30.20 each held in Economic Explosives Ltd	1449.64	1449.64
Equity share - 85000 Nos. @ \$ 100/- Each @ ₹45.67 held in Solar Overseas Mauritius Ltd	3882.21	3882.21
Equity share - 37148 Nos. @ of ₹ 2153.55 each held in Nav Bharat Coalfields Ltd	800.00	800.00
Equity share - 490000 Nos. @ of ₹ 10 each held in SMS Bhatgaon Mines Extension Pvt Ltd	49.00	49.00
Equity share - 490000 Nos. @ of ₹ 10 each held in Solar Bhatgaon Extension Mines Pvt Ltd	49.00	49.00
Equity share - 250000 Nos. @ of ₹ 10 each held in Rainbow Production Ltd	25.00	25.00
Equity share - 110000 Nos. @ of ₹ 10 each held in Ganga Care Hospital Ltd	11.00	11.00
Equity share - 25500 Nos. @ of ₹ 10 each held in Solar Mines & Minerals Ltd	2.55	2.55
Equity share - 50000 Nos. @ of ₹ 10 each held in Solar Mining resources Ltd	5.00	5.00
Equity share - 3700 Nos. @ of ₹ 10 each held in Solar Agro Florestal LDA	0.37	0.37
Equity share - 200 Nos. @ of ₹ 10 each held in Shree Salasar Creation P Ltd	-	0.02
Equity share - 3700 Nos. @ of ₹ 10 each held in Solar Industries LDA	0.37	0.37
Equity share - 3700 Nos. @ of ₹ 10 each held in Solar Recursos Mineral LDA	0.37	0.37
	<b>6274.51</b>	<b>6274.53</b>
<b>In Mutual Funds</b>		
<b>(Valued at Cost)</b>		
Kotak Private Equity Bond- Growth Fund II	338.17	267.50
	<b>338.17</b>	<b>267.50</b>
<b>Investments in Government or trust securities</b>		
<b>(Valued at Cost)</b>		
NSC	0.30	0.30
	<b>0.30</b>	<b>0.30</b>
<b>Investments in Equity Instruments-Quoted (Valued at Cost)</b>		
987 Shares Reliance Industrial Infrastructure Ltd. of ₹ 10/- each	23.90	23.90
5331 Shares Murli Industries Ltd. of ₹ 2/- each	4.29	4.29
2993 Shares Sangam (India) Ltd. of ₹ 10/- each	1.72	1.72
	<b>29.91</b>	<b>29.91</b>
	<b>6642.89</b>	<b>6572.24</b>

**NOTES ON FINANCIAL STATEMENTS** for the year ended 31st March, 2013**Note - 13 LONG TERM LOANS AND ADVANCES**

(Amount in ₹ lacs)

Particulars	As at 31.03.2013	As at 31.03.2012
<b>Unsecured, considered good</b>		
Capital Advances		
- Others	492.01	172.03
- loans & Advances		
- To, Related Party # (see note no 29)	8142.70	9408.90
- To, Other	530.83	631.39
- Doubtful Advances	1000.14	-
	10165.68	10212.32
Less : Provision for Doubtful Advances	1000.14	-
	9165.54	10212.32
Security Deposit & other Deposit		
- Others	392.52	235.67
	<b>9558.06</b>	<b>10447.99</b>

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

Subsidiaries - ₹ 48221879.00

Associate - ₹ 866062426.00

**Note - 14 OTHER NON CURRENT ASSET**

(Amount in ₹ lacs)

Particulars	As at 31.03.2013	As at 31.03.2012
Balances with bank held as margin money or security against borrowing guarantees and other commitments	80.00	80.00
Trade Receivable (Above 12 months)		
- Related Parties (see note no. 29)	214.85	177.10
- Other	25.36	176.71
	<b>320.21</b>	<b>433.81</b>

**Note - 15 CURRENT INVESTMENTS**

(Amount in ₹ lacs)

Particulars	As at 31.03.2013	As at 31.03.2012
<b>In Mutual Funds</b>		
ICICI MUTUAL FUND	1250.00	-
	<b>1250.00</b>	-
Investments in Equity Instruments-Quoted (Valued at Cost)	191.94	271.02
	<b>191.94</b>	<b>271.02</b>
	<b>1441.94</b>	<b>271.02</b>

**Note - 16 INVENTORIES**

(Amount in ₹ lacs)

Particulars	As at 31.03.2013	As at 31.03.2012
<b>(Valued at weighted average cost basis)</b>		
Raw Materials, Packing Materials	5117.80	5948.90
Consumables	581.27	631.64
Stock in Trade -(Traded Goods )	10.26	10.26
Semi Finished Goods	179.34	133.09
Finished Goods	507.02	496.14
Goods In Transit	131.82	27.65
Scrap	4.19	4.79
	<b>6531.70</b>	<b>7252.47</b>

**NOTES ON FINANCIAL STATEMENTS** for the year ended 31st March, 2013**Note - 17 TRADE RECEIVABLES***(Amount in ₹ lacs)*

Particulars	As at 31.03.2013	As at 31.03.2012
<b>a) Over 6 Months</b>		
Unsecured Considered Good		
- Related Parties (see note no 29)	108.67	803.30
- Other	1031.24	1230.19
- Doubtful Debts	214.85	-
	1354.76	2033.49
Less: Provision for Doubtful Trade Receivables	214.85	-
	<b>1139.91</b>	<b>2033.49</b>
<b>b) Others</b>		
Unsecured Considered Good		
- Related Parties (see note no. 29)	1295.04	824.40
- Other	7842.95	6449.65
	<b>10277.90</b>	<b>9307.54</b>

**Note - 18 CASH AND CASH EQUIVALENTS***(Amount in ₹ lacs)*

Particulars	As at 31.03.2013	As at 31.03.2012
<b>Cash and Cash Equivalent</b>		
Balances with Banks:		
In Current Accounts	62.16	192.70
- Cash in hand	31.41	26.30
<b>Other Bank Balances</b>		
In Fixed Deposits With Bank *	915.62	1723.31
	<b>1009.19</b>	<b>1942.31</b>

\* (i) FDR of ₹ 9,15,61,607 /-held as margin money or security against the borrowing & other commitments of less than 12 months period.

**Note - 19 SHORT TERM LOANS AND ADVANCES***(Amount in ₹ lacs)*

Particulars	As at 31.03.2013	As at 31.03.2012
<b>Unsecured, considered good</b>		
Related parties (see note no 29)	87.89	32.76
Loans & Advances to Employees	21.79	38.88
Advances recoverable in cash or in kind or for value to be received		
Goods Suppliers	1278.51	923.35
Other advances	1497.79	64.98
	<b>2885.98</b>	<b>1059.97</b>

**Note - 20 OTHER CURRENT ASSETS***(Amount in ₹ lacs)*

Particulars	As at 31.03.2013	As at 31.03.2012
Balance with Revenue Authorities	6748.55	4573.82
Other Receivables	356.29	45.78
Interest Accrued but not due	74.49	1141.83
Prepaid Expenses	-	30.84
	<b>7179.33</b>	<b>5792.27</b>

## NOTES ON FINANCIAL STATEMENTS for the year ended 31st March, 2013

### Note - 21 REVENUE

(Amount in ₹ lacs)

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
<b>Sale of products</b>		
- Finished goods	88543.55	68438.00
- Traded goods	8173.51	9270.58
<b>Other Operating Revenue</b>		
- Other Operating Income	242.27	112.30
	96959.33	77820.88
Less: Excise Duty	8260.57	5446.16
<b>Total</b>	<b>88698.76</b>	<b>72374.72</b>
<b>Details of Sales (Finished goods)</b>		
- Explosives / Explosive Accessories	88543.55	68438.00
<b>Details of Sales (Traded goods)</b>		
- A.N, Explosives & Other	8173.51	9270.58
<b>Total</b>	<b>96717.06</b>	<b>77708.58</b>

### Note - 22 OTHER INCOME

(Amount in ₹ lacs)

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
<b>Interest Income</b>		
Interest From FDR	160.47	336.64
Interest from Other	132.51	1200.50
<b>Dividend Income</b>		
From Subsidiaries	840.00	840.00
From Other	33.66	8.18
Income from Exchange Rate Fluctuation	–	111.41
Sales tax Incentives	597.84	–
	<b>1764.48</b>	<b>2496.73</b>

### Note - 23 COST OF MATERIALS CONSUMED

(Amount in ₹ lacs)

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
<b>Raw material consumed</b>		
Opening inventory	5879.33	1480.73
Add : Purchases (net)	46903.67	41188.36
Less : Inventory at the end of the year	4974.94	5879.33
Cost of raw materials consumed during the year	47808.06	36789.76
<b>Packing material consumed</b>		
Opening inventory	69.57	11.53
Add : Purchases (net)	3175.99	2574.78
Less : Inventory at the end of the year	151.32	69.57
Cost of packing materials consumed during the year	3094.23	2516.74
	<b>50902.29</b>	<b>39306.50</b>

**NOTES ON FINANCIAL STATEMENTS** for the year ended 31st March, 2013Note - 24 **CHANGES IN INVENTORY OF FINISHED GOODS AND WORK IN PROGRESS** (Amount in ₹ lacs)

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
(Increase)/decrease in stocks		
Stock at the end of the year:		
Finished Goods	507.02	496.14
Work-in-Process	179.34	133.09
Scrap	4.19	4.79
Stock in trade	10.26	10.26
Goods In Transit	131.82	27.65
<b>Total-A</b>	<b>832.63</b>	<b>671.93</b>
Less: Stock at the beginning of the year:		
Finished Goods	496.14	378.41
Work-in-Process	133.09	92.41
Scrap	4.79	2.96
Stock in trade	10.26	10.65
Goods In Transit	27.65	-
<b>Total-B</b>	<b>671.93</b>	<b>484.43</b>
<b>Increase/Decrease in Stocks</b>	<b>(160.70)</b>	<b>(187.50)</b>

Note - 25 **EMPLOYEE BENEFIT EXPENSES** (Amount in ₹ lacs)

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
Salaries, Wages and Bonus	3005.82	2277.26
Contribution to Provident and Other Funds	95.69	71.68
Gratuity	83.55	32.20
Staff Welfare Expenses	39.40	33.68
	<b>3224.46</b>	<b>2414.82</b>

Note - 26 **FINANCE COSTS** (Amount in ₹ lacs)

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
Interest Charges	870.17	1299.37
Other Borrowing Costs	225.59	190.69
Loss from Exchange Rate Fluctuation	1094.76	518.75
	<b>2190.52</b>	<b>2008.81</b>



## NOTES ON FINANCIAL STATEMENTS for the year ended 31st March, 2013

### Note - 27 OTHER EXPENSES

(Amount in ₹ lacs)

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
Remuneration to Directors	619.20	698.73
Consultancy Charges	491.74	168.41
Conveyance Expenses	129.51	123.11
Rates & Taxes	113.61	96.86
Information & technology Expenses	67.96	41.42
Power & Fuel	1023.96	755.35
Consumption of Consumables	736.69	569.72
Pump Truck Expenses	356.90	240.44
Security Service Charges	283.95	227.67
Insurance Charges	227.24	203.44
Repairs & Maintenance - Vehicles & Others	281.72	175.23
Repairs & Maintenance - Civil	72.56	113.53
Repairs & Maintenance - P & M, Electricals	96.61	83.77
Sales Tax (Net) *	4889.29	4214.04
Export Expenses	2723.95	2467.89
Travelling Expenses	280.34	275.79
Sales Promotion Expenses	315.21	300.11
Other Expenses	3535.05	2621.08
	<b>16245.49</b>	<b>13376.59</b>

\* Sales Tax Subsidy reduced from Sales Tax

### Note - 28 EXCEPTIONAL ITEMS

(Amount in ₹ lacs)

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
Loss on sales of Assets	1.72	7.41
Provision for Advances Written Off	1000.14	-
Loss Of Asset Due To Impairment	-	307.62
	<b>1001.86</b>	<b>315.03</b>

**NOTES ON FINANCIAL STATEMENTS** for the year ended 31st March, 2013**Note - 29 RELATED PARTY DISCLOSURES**

1) 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
	<b>SUBSIDIARIES :-</b>
1	Economic Explosives Ltd
2	Solar Mines & Minerals Ltd
3	Solar Mining Resources Ltd
4	Navbharat Coalfields Ltd
	<b>OVERSEAS SUBSIDIARIES:-</b>
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
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 Induatrics Mocambique LDA
16	Solar Recursos Minerals LDA
17	Solar Explochem (Ghana) Ltd
18	P.T. Solar Mining Services

Sr No.	Name Of Related Party
	<b>ASSOCIATES:-</b>
1	Solar Synthetics Private Limited
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
	<b>KEY MANAGEMENT PERSONNEL:-</b>
1	Shri S.N. Nuwal
2	Shri K.C. Nuwal
3	Shri Manish Nuwal
4	Shri K.S. Talesra
5	Shri R.D. Vakil

## NOTES ON FINANCIAL STATEMENTS for the year ended 31st March, 2013

### Note - 29 RELATED PARTY DISCLOSURES (Contd...)

#### 2) Transactions during the year with the related parties :-

(Amount in ₹ lacs)

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	3668.37	2466.19	7.41	1.91	-	-
Revenue From Operations	3777.46	4183.98	-	-	-	-
Loan Recd O/S (LONG TERM)		-	1193.72	-	-	-
Loan Given O/S	604.93	529.86	8685.12	8930.86		-
Interest	29.20	209.73	14.79	1211.78	-	-
Remuneration / Consultancy	-	-	-	-	619.20	698.73
Dividend Received	840.00	840.00	-	-	-	-
Technical Consultancy Income	54.35	11.29	-	-	-	-
Balance O/S	743.13	1,410.56	-	-	-	294.30

### Note - 30

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

### Note - 31 RESEARCH AND DEVELOPMENT EXPENSES INCURRED DURING THE YEAR

- ₹274.63 lacs (Previous year ₹153.91 lacs) in the nature of revenue expenditure.
- ₹950.49 lacs (Previous year ₹567.97 lacs) in the nature of capital expenditure have been included under the appropriate account heads.

### Note - 32 CONTINGENT LIABILITIES & COMMITMENTS

(Amount in ₹ lacs)

Particulars	F.Y. 2012-13	F.Y. 2011-12
1) In respect of counter guarantees given by bank	7020.38	3077.62
2) In respect of excise matters in dispute / under appeal	530.78	488.52
3) In respect of sales tax deferment	947.01	1,323.56
4) In respect of income tax matters in dispute/ under appeal	135.26	18.24
5) In respect of sales tax matters in dispute/ under appeal	100.07	136.50

### Note - 33

- Company has given Long Term Loan to M/s. Bhatgaon Extension Mines Pvt. Ltd. ₹3876.47 lacs and Bhatgaon Mines Pvt. Ltd. ₹4713.60 lacs. Management has taken decision not to charge interest for the current financial year.
- Company has made provision for doubtful advances in respect of interest provided in earlier year of ₹1000.14 lacs of Bhatgaon Extension Mines Pvt. Ltd. and Bhatgaon Mines Pvt. Ltd.

**NOTES ON FINANCIAL STATEMENTS** for the year ended 31st March, 2013**Note - 34 FINANCIAL & DERIVATIVE INSTRUMENTS**

a) Derivative contracts entered into by the Company as on 31st March, 2013

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, 2013 amounting to ₹3648.29 Lacs (Previous year ₹9217 lacs) Category wise breakup is given below:-

(Amount in ₹ lacs)

Particulars	As at 31.03.2013	As at 31.03.2012
Forward Contracts	3648.29	9217.00

b) Foreign Currency exposures that are not hedge by derivative instruments as on 31st March 2013 to ₹ NIL (PY ₹ NIL).

**Note - 35**

1) During the year Company has issued 774195 number of share of ₹10 each at premium of ₹920/- to Oman India JT.

2) Value of imports on cif basis in respect of :-

(Amount in ₹ lacs)

Particulars	F.Y. 2012-13	F.Y. 2011-12
Raw materials & stock in trade	17166.80	20627.40
Capital goods	223.58	622.35

3) Payment to auditors as :-

(Amount in ₹ lacs)

Particulars	F.Y. 2012-13	F.Y. 2011-12
a) AUDITOR :-		
Statutory Audit Fees	23.00	23.00
Vat Audit Fees	2.53	2.25
b) Certification	2.88	2.63
c) Taxation & Others	7.18	3.75
<b>TOTAL</b>	<b>35.59</b>	<b>31.63</b>

4) Expenditure in foreign currency :-

(Amount in ₹ lacs)

Particulars	F.Y. 2012-13	F.Y. 2011-12
Ocean/ Air Freight	810.49	1,582.87
Other Clearing Exp	98.14	63.36
Consultancy Charges	190.19	56.24
Sales Commission	294.33	113.86
Sales Promotion Exp	157.08	152.05
Information Technology Exp	–	3.88
Bank Interest	625.67	708.36
Office Exp	10.66	2.32
Travelling Exp	5.08	26.33
Discount Given On Sales	9.48	47.91
Bank Charges	32.64	70.79
Other Exp	100.28	40.00

**NOTES ON FINANCIAL STATEMENTS** for the year ended 31st March, 2013

Note - 35 (Contd...)

5) Earnings per share :- (Amount in ₹ lacs)

Particulars	F.Y. 2012-13	F.Y. 2011-12
a) Net Profit After Tax as per Statement of Profit & Loss attributable to Equity Shareholders	7581.56	6088.60
b) Weighted Average number of equity shares used as denominator for calculating EPS	177.63	173.24
c) Basic & Diluted EPS	42.68	35.15
d) Face Value per equity share	10.00	10.00

6) Earnings in foreign exchange :- (Amount in ₹ lacs)

Particulars	F.Y. 2012-13	F.Y. 2011-12
FOB value of exports (CIF- ₹11,163.22)	9094.62	5610.10

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 exemption from compliance with section 212 of the Companies Act, 1956, subject to fulfilment of conditions stipulated in the circulars 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

For and on behalf of the Board

C.N. Rathi  
Partner  
M. No. 39895  
Firm Reg.No. 103031W  
Place: Nagpur  
Date: 27th May, 2013

S.N. Nuwal  
Director

K.C. Nuwal  
Director

Khushboo Pasari  
Company Secretary

## SECTION 212

### DETAILS OF SUBSIDIARY COMPANIES

(Amount in ₹ lacs)

Name of Subsidiaries Particulars	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. Ve SAN. TIC.A.Ş.	ILCI PATLAYICI MAD. Ve SAN. TIC.A.Ş.
Reporting Currency	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR
Capital	480.00	5.00	5.00	5.02	4615.50	4520.46	3855.18	255.13	1452.76	3.97	885.48	2417.94
Reserves	16411.45	489.51	-	-	295.78	122.87	(170.21)	(14.45)	4448.87	2954.05	75.11	(197.84)
Total Assets	25672.36	537.16	61.99	552.58	8759.45	8158.75	4077.67	248.02	9825.47	5777.22	2318.60	3561.04
Total Liabilities	25672.36	537.16	61.99	552.58	8759.45	8158.75	4077.67	248.02	9825.47	5777.22	2318.60	3561.04
Details of Investments (Except Investment in subsidiaries)												
Turnover	11013.56	1330.73			755.79	-	-	-	10735.64	6138.88	347.67	1314.10
Profit before Taxation	4256.12	180.96			141.68	283.70	(85.16)	(4.28)	2674.23	546.34	(30.78)	25.75
Provision for Taxation	728.30	58.71			4.25	-	-	-	816.85	15.63	-	-
Profit after Taxation	3527.82	122.25			137.43	283.70	(85.16)	(4.28)	1857.38	530.71	(30.78)	25.75
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 Recursor 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.

For and on behalf of the Board

Place: Nagpur  
Date: 27th May, 2013

S.N. Nuwal  
Director

K.C. Nuwal  
Director

Khushboo Pasari  
Company Secretary

## INDEPENDENT AUDITOR'S REPORT

To the Members of  
Solar Industries India Ltd.

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of M/s. Solar Industries India Ltd., ("the Company") and its subsidiaries (collectively referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2013, the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatements

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of

accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on consideration of the reports of the other auditors on financial statements / consolidated financial statements/ consolidated financial statements of the subsidiaries and associates as noted below, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2013,
- in the case of the Consolidated Statement of Profit and Loss Account of the Profit for the year ended on that date,
- in the case of Cash Flow Statement of the cash flows for the year ended on that date.

### Other Matters

- We have relied on the un-audited financial statements of certain subsidiaries wherein the group's share of profit aggregate ₹1266.07 lacs. These un-audited financial statements as approved by the respective Boards of Directors of these companies have been furnished to us by the management and our report in so far as it relates to the amounts included in respect of the subsidiaries is based solely on such approved un-audited financial statements.

Our opinion is not qualified in respect of other matters.

For Gandhi Rathi & Co.,  
Chartered Accountants

(C.N. Rathi)  
Partner

Place: Nagpur

Dated: 27th May 2013

M. No. 39895

Firm Reg .No. 103031W

**CONSOLIDATED BALANCE SHEET**

as at 31st March, 2013

(Amount in ₹ lacs)

Particulars	Note	As at 31.03.2013	As at 31.03.2012
<b>CAPITAL AND LIABILITIES</b>			
<b>Share holder's fund</b>			
Share Capital	1	1809.80	1732.38
Reserves and Surplus	2	55460.60	38727.63
		<b>57270.40</b>	<b>40460.01</b>
<b>Minority interest</b>		<b>4054.41</b>	<b>3780.46</b>
<b>Non-current liabilities</b>			
Long -term borrowings	3	6726.82	8260.22
Deferred tax liabilities (net)		2068.82	1960.74
Other Long-term liabilities	4	2.00	2.06
Long-term provisions	5	144.92	143.84
		<b>8942.56</b>	<b>10366.86</b>
<b>Current liabilities</b>			
Short-term borrowings	6	27725.71	20065.96
Trade payables	7	2314.16	7064.68
Other current liabilities	8	8559.14	6805.74
Short-term provisions	9	1930.81	1394.78
		<b>40529.82</b>	<b>35331.16</b>
<b>Total</b>		<b>110797.19</b>	<b>89938.49</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Fixed Assets</b>			
Tangible Assets	10	36676.24	28279.71
Intangible asset-Goodwill		569.83	484.35
Capital Work-in-Progress	10	6060.96	5030.60
Non-current investments	11	951.94	861.58
Long-term loans and Advances	12	9214.15	10147.73
Other Non current Assets	13	427.89	1012.03
		<b>53901.01</b>	<b>45816.00</b>
<b>Current assets</b>			
Current Investments	14	3941.94	271.02
Inventories	15	13612.80	12859.13
Trade receivables	16	15592.05	13932.36
Cash and Bank Balance	17	9219.24	6301.45
Loans and Advances	18	5270.68	4180.84
Other Current Assets	19	9259.47	6577.69
		<b>56896.18</b>	<b>44122.49</b>
<b>Total</b>		<b>110797.19</b>	<b>89938.49</b>
Significant Accounting Policies			
Notes on Financial Statements	1 to 19		

As per our Report of even date attached.

For Gandhi Rathi & Co.,  
Chartered Accountants

For and on behalf of the Board

C.N. Rathi  
Partner  
M. No. 39895  
Firm Reg.No. 103031W  
Place: Nagpur  
Date: 27th May, 2013S.N. Nuwal  
DirectorK.C. Nuwal  
DirectorKhushboo Pasari  
Company Secretary



**CONSOLIDATED STATEMENT OF PROFIT AND LOSS**

for the year ended 31st March, 2013

(Amount in ₹ lacs)

Particulars	Note	As at 31.03.2013	As at 31.03.2012
<b>INCOME</b>			
Revenue From Operations	20	121520.18	103169.44
Less: Excise Duty / Service Tax		9338.82	6411.94
		112181.36	96757.50
Other Income	21	2001.65	2364.45
<b>Total Revenue</b>		<b>114183.01</b>	<b>99121.95</b>
<b>EXPENDITURE</b>			
Cost of Material Consumed	22	59686.89	46227.62
Purchases of Stock in Trade		6047.73	11403.66
Changes in inventories of Finished Goods, Semi Finished Goods and Stock in Trade	23	(727.79)	(1546.26)
Employee Benefit Expenses	24	5557.21	4421.15
Finance Costs	25	3086.35	2357.58
Depreciation		1697.47	1278.14
Other Expenses	26	22617.83	19147.68
<b>Total Expenses</b>		<b>97965.69</b>	<b>83289.57</b>
<b>Profit before exceptional and extraordinary</b>		<b>16217.32</b>	<b>15832.38</b>
Less: Exceptional Items	27	1001.86	436.58
<b>PROFIT BEFORE TAXATION</b>		<b>15215.46</b>	<b>15395.80</b>
<b>Tax Expenses</b>			
Current Tax		3439.04	3886.23
MAT Credit		(865.47)	–
Deferred Tax		(47.98)	267.16
Prior Period Tax		46.66	101.11
Profit for the Year (Before Adjustment of Minority Interest)		12643.21	11141.30
Less : Share of Profit Transferred to Minority Interest		1013.98	1020.94
<b>Profit for the Year (After Adjustment of Minority Interest)</b>		<b>11629.23</b>	<b>10120.35</b>
<b>Earning per equity share of face value ₹ 10 each</b>		<b>65.47</b>	<b>58.42</b>
Significant Accounting Policies	20 to 41		
Notes to Financial Statements			

As per our Report of even date attached.

For Gandhi Rathi & Co.,  
Chartered Accountants

For and on behalf of the Board

C.N. Rathi  
Partner  
M. No. 39895  
Firm Reg.No. 103031W  
Place: Nagpur  
Date: 27th May, 2013S.N. Nuwal  
DirectorK.C. Nuwal  
DirectorKhushboo Pasari  
Company Secretary

**CONSOLIDATED CASH FLOW STATEMENT**

for the year ended 31st March, 2013

(Amount in ₹ lacs)

Particulars	2012-13	2011-12
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Tax	15215.46	15395.80
<i>Adjustments for :</i>		
Depreciation	1697.47	1278.14
Interest & Financial Expense	3086.35	2357.58
Stock Reserve	417.81	175.94
Foreign Exchange Fluctuation Reserves	42.94	-
Loss on impairment of Assets	-	471.66
	5244.57	4283.32
	<b>20460.03</b>	<b>19679.12</b>
(Increase)/Decrease in Sundry Debtors	1659.69	4615.46
(Increase)/Decrease in Inventories	753.67	6938.26
(Increase)/Decrease in Other Current Assets	2681.78	-
Increase/(Decrease) in Trade payables	4750.52	(928.35)
Increase/(Decrease) in other current Liability & Provision	(2289.43)	
	<b>7556.23</b>	<b>10625.37</b>
<b>Cash Generated from Operations</b>	<b>12903.80</b>	<b>9053.75</b>
Deferred Tax	108.09	267.16
Income Tax Paid	2573.57	3886.23
Prior period taxes	46.66	101.11
	<b>2728.31</b>	<b>4254.51</b>
<b>Net Cash from Operating Activities</b>	<b>10175.49</b>	<b>4799.24</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Increase in Tangible Assets	10094.00	10491.93
Increase in Capital Work in Progress	1030.36	2115.03
(Increase)/Decrease in Current Investment	3670.91	-
Increase in Non Current Investment	90.37	(93.20)
(Increase)/Decrease in Loans & Advances	1089.84	1380.91
Increase in Non-Current Assets/Long-term Loan	(1517.72)	56.07
Purchase of Goodwill	85.48	157.21
<b>Net Cash from Investing Activities</b>	<b>14543.24</b>	<b>14107.94</b>

**CONSOLIDATED CASH FLOW STATEMENT**

for the year ended 31st March, 2013 (Contd...)

(Amount in ₹ lacs)

Particulars	2012-13	2011-12
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Bank Working Capital Loan	7659.75	8943.98
Increase/(Decrease) in Secured Loans	(1533.40)	3807.03
Decrease in Long Term Provision	1.03	-
Minority Interest	(1037.71)	14.25
Increase in Share Capital	7200.01	-
Interest & Financial Expense	(3086.35)	(2357.58)
Deferred Tax	108.09	268.95
Interim Dividend	(904.90)	(866.19)
Proposed Dividend	(1085.88)	(866.19)
Tax on Interim Dividend	(331.45)	(281.04)
Foreign Exchange Fluctuations (MI)	296.38	573.18
<b>Net Cash from Financing Activities</b>	<b>7285.56</b>	<b>9236.40</b>
<b>Net Increase in Cash &amp; Cash equivalents</b>	<b>2917.80</b>	<b>(72.29)</b>
<b>Notes :</b>		
1) Cash & Cash equivalents at the beginning of period	6301.45	6681.43
Cash & Cash equivalents at the end of period	9219.24	6609.14
	<b>2917.80</b>	<b>(72.29)</b>
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 attached.

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

For and on behalf of the Board

**C.N. Rathi**  
Partner  
M. No. 39895  
Firm Reg.No. 103031W  
Place: Nagpur  
Date: 27th May, 2013

**S.N. Nuwal**  
Director

**K.C. Nuwal**  
Director

**Khushboo Pasari**  
Company Secretary



## 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:

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

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March, 2013

### Note - 1 SHARE CAPITAL

(Amount in ₹ lacs)

Particulars	As at 31.03.2013	As at 31.03.2012
<b>a) Authorised Share Capital</b>		
27000000 Equity Shares of ₹ 10/- each	2700.00	2700.00
<b>Issued, Subscribed &amp; Paid up</b>		
18098011 Equity Shares of ₹ 10/- each	1809.80	1732.38
	1809.80	1732.38
774195 Shares were allotted during last 5 years		

### b) Reconciliation Statement of Shares Outstanding

(No. of Shares)

Particulars	As at 31.03.2013	As at 31.03.2012
Number of Shares at the beginning of the year	173.24	173.24
Add: Shares issued during the year	7.74	–
<b>Number of Shares at the end of the year</b>	<b>180.98</b>	<b>173.24</b>

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March, 2013

### Note - 2 RESERVES AND SURPLUS

(Amount in ₹ lacs)

Particulars	As at 31.03.2013	As at 31.03.2012
<b>CAPITAL RESERVE</b>	50.00	50.00
Security Premium Account	7790.33	7790.33
Add - On issue of Share	7122.59	–
	<b>14912.92</b>	<b>7790.33</b>
<b>a) General Reserve</b>		
Opening Balance	14753.66	10753.66
Add:- Transfer from profit & Loss Account	4000.00	4000.00
Closing Balance	<b>18753.66</b>	<b>14753.66</b>
<b>Profit &amp; Loss Account</b>	<b>21251.62</b>	<b>15684.18</b>
Foreign Exc Fluctuation Reserves	492.40	449.46
<b>Total</b>	<b>55460.60</b>	<b>38727.63</b>

### Note - 3 LONG TERM BORROWINGS

(Amount in ₹ lacs)

Particulars	As at 31.03.2013	As at 31.03.2012
<b>a) SECURED LOANS</b>		
1. Foreign Currency Term Loan From Banks*	5468.79	7704.68
<b>b) UNSECURED LOANS</b>		
1. Sales Tax Deferral Loan #	64.21	555.54
2. Loan from Related Party (See Note No 40)	1193.82	–
	<b>6726.82</b>	<b>8260.22</b>

Maturity Profile of Secured Term Loan are set out below ₹ in Lacs -

#### MATURITY PROFILE

2014 - 2015	1396.28
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Maturity Profile of Secured Term Loan are set out below ₹ in lacs

#### MATURITY PROFILE

Year	2014-15	2015-16	2016-17 onwards
Term Loan from Bank	1357.50	1357.50	1357.50

# Sales Tax Deferral Loan maturity are set out as below ₹ in lacs

#### MATURITY PROFILE

Year	2016-17	2017-18	2018-19	2019-20 onwards
Sales Tax Deferral	2.60	5.71	8.52	47.38

Unsecured Loan maturity profile -

2014-15	2015-16	2016-17
400	400	393.71

**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS**

for the year ended 31st March, 2013

**Note - 4 OTHER LONG-TERM LIABILITIES***(Amount in ₹ lacs)*

Particulars	As at 31.03.2013	As at 31.03.2012
Unpaid dividends	1.89	1.89
Application money received for allotment of securities and due for refund and interest accrued there on	0.11	0.17
	<b>2.00</b>	<b>2.06</b>

**Note - 5 LONG TERM PROVISIONS***(Amount in ₹ lacs)*

Particulars	As at 31.03.2013	As at 31.03.2012
Claims Payable	144.92	143.84
	<b>144.92</b>	<b>143.84</b>

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

**Note - 6 SHORT-TERM BORROWINGS***(Amount in ₹ lacs)*

Particulars	As at 31.03.2013	As at 31.03.2012
<b>SECURED LOANS</b>		
<b>Cash Credit</b>		
RUPEE LOAN FROM BANK #	3586.57	806.81
FOREIGN CURRENCY LOAN FROM BANK #	13991.76	10856.55
<b>DEMAND LOAN</b>		
Against FDR	–	585.92
<b>Buyers Credit Loan</b>		
Foreign Currency Loan from Bank	9454.77	6742.47
	<b>27033.10</b>	<b>18991.75</b>
<b>UNSECURED LOANS</b>		
From Related Party (See Note No 40)	692.61	1074.21
	<b>27725.71</b>	<b>20065.96</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, claims & bills receivables paripassu second charges on current & future fixed assets.

**Note - 7 TRADE PAYABLES***(Amount in ₹ lacs)*

Particulars	As at 31.03.2013	As at 31.03.2012
Creditors for Goods	1985.76	6802.27
Micro Small & Medium Enterprises	297.04	262.41
Related Party (See note No 40)	31.36	–
	<b>2314.16</b>	<b>7064.68</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	–	–
Amount of further interest remaining due & payable in Succeeding Years	–	–

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March, 2013

### Note - 8 OTHER CURRENT LIABILITIES

(Amount in ₹ lacs)

Particulars	As at 31.03.2013	As at 31.03.2012
Current Maturity of long term Debt	2753.78	1308.35
Others Payables *	3075.64	2612.50
Interest accrued on borrowings	37.52	93.39
Creditors for Fixed Assets	147.82	64.83
Advances received from Customers	1141.92	1017.25
Creditors for Transporter & Other	1402.46	1709.42
	<b>8559.14</b>	<b>6805.74</b>

\* Other Payables includes Statutory dues & Expenses Payable.

### Note - 9 SHORT TERM PROVISIONS

(Amount in ₹ lacs)

Particulars	As at 31.03.2013	As at 31.03.2012
Provision for employee benefits	344.44	230.96
Others #	1586.37	1163.82
	<b>1930.81</b>	<b>1394.78</b>

# The Company had recognised liability on the basis of expenses incurred on substantial degree of estimation on sale of goods. Actual cash flow is expected in next Financial Year.

**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS**

for the year ended 31st March, 2013

(Amount in ₹ lacs)

Assets	Gross block As on 01.04.2012	Additions During period	Deductions During period	Gross block As on 31.03.2013	Depreciation		Deductions During the period	Depreciation Upto 31.03.2013	Net block	
					Upto 01.04.2012	During the period			As on 31.03.2012	As on 31.03.2013
Land	4368.83	831.29	-	5200.12	-	-	-	-	4368.83	5200.12
Plot	285.18	-	-	285.18	-	-	-	-	285.18	285.18
Civil Construction	11901.39	3341.17	18.52	15224.03	1276.94	390.42	5.45	1661.91	10624.45	13562.13
Office Building	473.83	-	-	473.83	29.63	7.72	-	37.35	444.20	436.48
Plant & Machinery	11984.88	5476.80	36.60	17425.08	2383.01	733.69	3.88	3112.80	9601.87	14312.28
Furniture & Fixtures	270.70	214.70	-	485.40	78.44	43.79	-	122.24	192.26	363.16
Electric Installation	102.50	4.88	-	107.39	9.86	10.37	-	20.23	92.65	87.15
Office Equipment	695.49	100.47	53.05	742.92	303.61	67.11	-	370.72	391.88	372.19
Vehicles	3512.52	305.37	94.89	3722.99	1243.89	444.37	13.05	1675.21	2268.63	2047.79
Plantation	9.76	-	-	9.76	-	-	-	-	9.76	9.76
	<b>33605.08</b>	<b>10274.68</b>	<b>203.06</b>	<b>43676.70</b>	<b>5325.38</b>	<b>1697.47</b>	<b>22.38</b>	<b>7000.46</b>	<b>28279.71</b>	<b>36676.24</b>

Capital work in progress

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

Particulars	31.03.2013	31.03.2012
Project Development Expenditure	1430.25	1432.35
Machinery under Installation	2396.56	1119.00
Furniture & fixture under Installation	887.23	113.01
Building Under Construction	1200.22	2292.81
Vehicles	146.70	73.43
<b>TOTAL</b>	<b>6060.96</b>	<b>5030.60</b>



## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March, 2013

### Note - 11 NON-CURRENT INVESTMENTS

(Amount in ₹ lacs)

Particulars	As at 31.03.2013	As at 31.03.2012
<b>LONG-TERM INVESTMENTS</b>		
<b>(Unquoted equity instruments)-At Cost</b>		
Equity share - 490000 Nos. @ of ₹ 10 each held in SMS Bhatgaon EXTN Mines Pvt Ltd	49.00	49.00
Equity share - 490000 Nos. @ of ₹ 10 each held in Solar Bhatgaon EXTN Mines Pvt Ltd	49.00	49.00
Equity share - 250000 Nos. @ of ₹ 10 each held in Rainbow Production Ltd	25.00	25.00
Equity share - 110000 Nos. @ of ₹ 10 each held in Ganga Care Hospital Ltd	11.00	11.00
Equity share - 3700 Nos. @ of ₹ 10 each held in Solar Agro Florestal	0.37	0.37
Equity share - 3700 Nos. @ of ₹ 10 each held in Solar Industries Lda	0.37	0.37
Equity share - 3700 Nos. @ of ₹ 10 each held in Solar Recursos Mineral Lda	0.37	0.37
Equity share - 200 Nos. @ of ₹ 10 each held in Shree Salasar Creation P Ltd	–	0.02
2038608 no. of Equity shares @ 10 each of Madanpur (North) Coal Company Pvt. Ltd.( 120564 shares allotted during the year)	207.46	203.86
Share Application Money with Madanpur (North) Coal Company Pvt Ltd	0.67	3.60
Equity share - 394625 Nos. @ of ₹ 324.67 each AUSTRALIAN EXPLOSIVE TECH. Gr. Pty. Ltd.	214.28	200.79
Equity share - 40080 Nos. @ of ₹ 54.30 each SOLAR Mining Services Australia Pty LTD.	21.76	20.39
Equity share - 7705 Nos. @ of ₹ 27.53 each Solar Explochem Ghana Ltd.	4.18	–
	<b>583.46</b>	<b>563.77</b>
<b>In Mutual Funds</b>		
<b>(Valued at Cost)</b>		
Kotak Private Equity Bond - Growth Fund II	338.17	267.50
	<b>338.17</b>	<b>267.50</b>
<b>Investments in Government or trust securities</b>		
<b>(Valued at Cost)</b>		
NSC	0.40	0.40
	<b>0.40</b>	<b>0.40</b>
<b>Investments in Equity Instruments-Quoted</b>		
<b>(Valued at Cost)</b>		
987 Shares Reliance Industrial Infrastructure Ltd. of ₹10/- each	23.90	23.90
5331 Shares Murli Industries Ltd. of ₹2/- each	4.29	4.29
2993 Shares Sangam (India) Ltd. of ₹ 10/- each	1.72	1.72
	<b>29.91</b>	<b>29.91</b>
	<b>951.94</b>	<b>861.58</b>

**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS**

for the year ended 31st March, 2013

**Note - 12 LONG TERM LOANS AND ADVANCES**

(Amount in ₹ lacs)

Particulars	As at 31.03.2013	As at 31.03.2012
Unsecured, considered good		
Capital Advances		
- Others	533.48	196.81
- loans & Advances		
- To, Related Party (See note no. 40)	7601.15	8971.94
- To, Other	595.73	681.20
- Doubtful Advances Related Party	1000.14	–
	<b>9730.50</b>	<b>9849.95</b>
Less : Provision for Doubtful Advances	1000.14	–
	<b>8730.36</b>	<b>9849.95</b>
Security Deposit & other Deposit		
- Others	483.79	297.78
	<b>9214.15</b>	<b>10147.73</b>

**Note - 13 OTHER NON CURRENT ASSET**

(Amount in ₹ lacs)

Particulars	As at 31.03.2013	As at 31.03.2012
Misc. Expenses to the extent not written off	63.32	339.58
Balances with bank held as margin money or security against borrowing guarantees and other commitments	328.42	307.69
Bank Deposit above 12 Month Maturity	0.70	–
Trade Receivable (Above 12 months)		
- Other	35.45	364.76
	<b>427.89</b>	<b>1012.03</b>

**Note - 14 CURRENT INVESTMENTS**

(Amount in ₹ lacs)

Particulars	As at 31.03.2013	As at 31.03.2012
In Mutual Funds		
ICICI MUTUAL FUND	1250.00	–
RELIANCE MUTUAL FUND	2500.00	–
	<b>3750.00</b>	<b>–</b>
Investments in Equity Instruments-Quoted	191.94	271.02
	<b>3941.94</b>	<b>271.02</b>

**Note - 15 INVENTORIES**

(Amount in ₹ lacs)

Particulars	As at 31.03.2013	As at 31.03.2012
(Valued at weighted average cost basis)		
Raw Materials, Packing Materials	9672.65	9019.17
Consumables	701.01	719.67
Stock in Trade -(Traded Goods )	10.26	14.37
Semi Finished Goods	346.17	197.78
Finished Goods	2571.03	2834.58
Scrap	39.99	24.11
Goods in Transit	265.05	21.80
Stock in (Bags)	6.64	27.65
	<b>13612.80</b>	<b>12859.13</b>

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March, 2013

### Note - 16 TRADE RECEIVABLES

(Amount in ₹ lacs)

Particulars	As at 31.03.2013	As at 31.03.2012
a) Over 6 Months		
Unsecured Considered Good		
- Other	2761.82	2527.91
	2761.82	2527.91
Less: Provision for Doubtful Trade Receivables	214.85	–
	2546.97	2527.91
b) Others (Unsecured)		
Considered Good		
- Other	13045.08	11404.45
	15592.05	13932.36

### Note - 17 CASH AND CASH EQUIVALENTS

(Amount in ₹ lacs)

Particulars	As at 31.03.2013	As at 31.03.2012
Cash and Cash Equivalent		
Balances with Banks:		
In Current Accounts	5087.07	1327.36
Cash on hand	61.77	57.41
Other Bank Balances		
In Fixed Deposit (Below 12 Months)	4070.40	4916.68
	9219.24	6301.45

(i) FDR of ₹ 91561607/- held as margin money or security against the borrowing & other commitments of less than 12 months period.

### Note - 18 SHORT TERM LOANS AND ADVANCES

(Amount in ₹ lacs)

Particulars	As at 31.03.2013	As at 31.03.2012
Unsecured, considered good		
Related parties (see note no. 40)	345.07	442.74
Loans & Advances to Employees	83.40	92.36
Material Supplier	2092.50	990.00
Other advances	2749.71	2655.74
	5270.68	4180.84

### Note - 19 OTHER CURRENT ASSETS

(Amount in ₹ lacs)

Particulars	As at 31.03.2013	As at 31.03.2012
Balance with Revenue Authority	8174.64	5250.86
Other Receivable	758.90	45.78
Prepaid Expenses	251.44	195.34
Interest Accrued but not due	74.49	1085.71
	9259.47	6577.69

**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS**

for the year ended 31st March, 2013

**Note - 20 REVENUE FROM OPERATIONS**

(Amount in ₹ lacs)

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
Sale of products		
Finished goods	115362.96	92208.49
Traded goods	6157.22	10960.95
	121520.18	103169.44
Less: Excise Duty / Service Tax	9338.82	6411.94
<b>Total</b>	<b>112181.36</b>	<b>96757.50</b>

**Note - 21 OTHER INCOME**

(Amount in ₹ lacs)

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
Interest Income		
Interest From FDR	349.88	448.77
Interest From Other	345.18	1567.96
Dividend Income		
From Other	56.66	8.18
Other Miscellaneous Income	71.02	26.74
Income from Exchange Rate Fluctuation	572.70	312.80
Income from Short Term Gain / Loss on Shares	8.37	–
Income from Sales tax incentive	597.84	–
	<b>2001.65</b>	<b>2364.45</b>

**Note - 22 COST OF MATERIALS CONSUMED**

(Amount in ₹ lacs)

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
<b>Raw material consumed</b>		
Opening inventory	8656.91	3086.31
Add : Purchases (net)	56907.78	49021.51
Less : Inventory at the end of the year	9344.99	8656.91
Cost of raw materials consumed during the year	56219.71	43450.91
<b>Packing material consumed</b>		
Opening inventory	230.48	97.46
Add : Purchases (net)	3572.82	2909.73
Less : Inventory at the end of the year	336.12	230.48
Cost of packing materials consumed during the year	3467.18	2776.71
	<b>59686.89</b>	<b>46227.62</b>

**Note - 23 CHANGES IN INVENTORY OF FINISHED GOODS AND WORK IN PROGRESS**

(Amount in ₹ lacs)

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
Increase/Decrease in Stocks	(727.79)	(1546.26)

**Note - 24 EMPLOYEE BENEFIT EXPENSES**

(Amount in ₹ lacs)

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
Salaries, Wages and Bonus	5121.23	4097.05
Contribution to Provident and Other Funds	216.89	188.56
Gratuity	103.37	52.97
Staff Welfare Expenses	115.72	82.57
<b>TOTAL :</b>	<b>5557.21</b>	<b>4421.15</b>

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March, 2013

### Note - 25 FINANCE COSTS

(Amount in ₹ lacs)

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
Interest Cost	1256.07	1403.99
Other Borrowing Cost	578.90	311.73
Loss from Exchange Rate Fluctuation	1251.38	641.86
<b>TOTAL</b>	<b>3086.35</b>	<b>2357.58</b>

### Note - 26 OTHER EXPENSES

(Amount in ₹ lacs)

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
Consultancy Charges	583.59	255.59
Conveyance Expenses	516.86	200.20
Information & technology Expenses	79.71	45.42
Rates & Taxes	341.44	198.99
Remuneration to Directors	724.29	730.07
Consumption of Consumables	975.15	767.79
Insurance Charges	359.96	308.02
Power & Fuel	1324.06	956.69
Pump Truck Expenses	419.82	303.48
Repairs & Maintenance	333.62	335.90
Repairs & Maintenance - Civil	129.36	157.08
Repairs & Maintenance - P & M, Electricals	213.19	121.02
Security Service Charges	393.70	292.96
Export Expenses	3018.91	2957.30
Sales Promotion Expenses	1236.49	326.47
Sales Tax (Net)	6190.67	5758.66
Travelling Expenses	415.30	396.54
Other Expenses	5361.71	5035.50
<b>GRAND TOTAL</b>	<b>22617.83</b>	<b>19147.68</b>

### Note - 27 EXCEPTIONAL ITEMS

(Amount in ₹ lacs)

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
Loss on sales of Assets	1.72	7.41
Advances Written off	1000.14	-
Loss Of Asset Due To Impairment	-	429.17
	<b>1001.86</b>	<b>436.58</b>

### Note - 28 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in India for the year ended 31st March 2013.

### Note - 29 DESCRIPTION OF BUSINESS

Solar Industries India Limited, an 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.

**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS**

for the year ended 31st March, 2013

**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, 2013

*(Amount 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 Ltd.	3010.29	3668.37	54.35			34.81	840.00	
Economic Explosives Ltd.	3371.32	1012.11						840.00
Solar Mining Resources Ltd.	819.15				34.81			
Nigachem Nigeria Ltd.		1558.56		54.35				
Solar Explochem Zambia Ltd.		511.24						
ILCI Patlayici Mad. San. Tic. A.S.		450.47						

**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 Cooperative 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 15200 no. of shares in Solar Explochem (Ghana) Ltd. The stake of Solar Overseas Netherland BV in Solar Explochem (Ghana) Ltd is 80%.

**Note - 35 LOAN TO RELATED PARTIES**

Company has given Long Term Loan to M/s. Bhatgaon Extension Mines Pvt. Ltd ₹3876.47 lacs and Bhatgaon Mines Pvt Ltd ₹4713.60 lacs. Management has taken decision not to charge interest for the current financial year.

**Note - 36 ADVANCED WRITTEN/OFF**

Company has made provision for doubtful advances against interest provided in earlier year of ₹1000.14 lacs against Bhatgaon Extension Mines Pvt Ltd and Bhatgaon Mines Pvt. Ltd.

**Note - 37 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.

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
Net Profit for the year attributable to equity shareholders (Rupees in Lacs)	11629.23	10120.35
Weighted Average No of Shares (In Lacs)	177.63	173.24
Earning per Share (Rupees)	65.47	58.42

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March, 2013

### Note - 38 CONTINGENT LIABILITIES

(Amount in ₹ lacs)

Particulars	F.Y. 2012-13	F.Y. 2011-12
1) In respect of counter guarantees given to Bank.	7855.77	3702.69
2) In respect of Excise matters in dispute / under Appeal	757.99	679.96
3) In respect of Sales Tax matter (Deferment)	1011.22	1343.05
4) In respect of Income Tax matters in dispute / under Appeal	155.89	18.24
5) In respect of Sales Tax matters in dispute / under Appeal	100.07	136.50

### Note - 39

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

#### ii) 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.

iii) 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.

(Amount in ₹ lacs)

Particulars	SILL Consolidated	
	Year ended 31.03.2013	Year ended 31.03.2012
<b>1. Segment Revenue</b>		
a. Explosives	106097.82	86678.35
b. Trading	5970.58	9978.01
c. Others	112.96	101.14
<b>Total</b>	<b>112181.36</b>	<b>96757.50</b>
Less: Inter segment revenue	-	-
<b>Revenue from Sales &amp; other Income and exchange fluctuation gains</b>	<b>112181.36</b>	<b>96757.50</b>
<b>2. Segment Results</b>		
Profit/(loss) (before tax and interest from each segment)		
a. Explosives	17165.26	15742.33
b. Trading	61.57	26.30
c. Other	75.19	56.86
<b>Total</b>	<b>17302.02</b>	<b>15825.50</b>
Less:		
i) Interest paid (net of interest received)	3086.35	2357.58
ii) Other un-allocable expenditure net off un-allocable income	(2001.65)	(2364.45)
iii) Exceptional items	1001.86	436.58
<b>Total Profit Before Tax</b>	<b>15215.46</b>	<b>15395.79</b>
<b>3. Capital Employed</b>		
a. Explosives	59103.55	42101.63
b. Trading	-	-
c. Others	-	-
<b>Total</b>	<b>59103.55</b>	<b>42101.63</b>

**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS**

for the year ended 31st March, 2013

**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 31.03.2013

1	<b>Holding Company</b>	NIL
2	<b>Subsidiaries</b>	a) Economic Explosives Ltd. b) Solar Mines & Minerals Ltd. c) Solar Mining Resources Ltd. d) Navbharat Coalfields Ltd.
3	<b>Fellow Subsidiaries</b>	NIL
4	<b>Overseas Subsidiaries</b>	a) Solar Overseas Mauritius Ltd. b) Solar Agro Florestal LDA c) Solar Industries Mocambique LDA d) Solar Recursos Minerals LDA
5	<b>Fellow Overseas Subsidiaries</b>	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 Patlayici Maddeler Sanayi Ve Ticaret f) Solar Overseas Singapore Pte Ltd g) Solar Nigachem Nigeria Ltd h) Nigachem Nigeria Ltd I) Solar Explochem Zambia Ltd j) Solar Mining Services Australia Pty Ltd k) Solar Nitrochemicals Ltd. l) Solar Explochem (Ghana) Ltd.
6	<b>Associates</b>	a) Solar Synthesis 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) P.T. Solar Mining Services



## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March, 2013

Note - 40 RELATED PARTY DISCLOSURES (Contd...)

7	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

Transactions during the year with the related parties :-

(Amount in ₹ lacs)

Nature of Transactions	Subsidiary		Associates / Related Concern		Key Management Personnel	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
Loan Recd O/S	-	-	1,886.43	-	-	-
Loan Given O/S	(44.04)	-	8,990.41	-	-	-
Balance O/S	-	-	31.36	-	-	-

Note - 41

The Audited / Un audited financial statement of foreign subsidiaries/associates have been prepared in accordance with the 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

For and on behalf of the Board

C.N. Rathi  
Partner  
M. No. 39895  
Firm Reg.No. 103031W  
Place: Nagpur  
Date: 27th May, 2013

S.N. Nuwal  
Director

K.C. Nuwal  
Director

Khushboo Pasari  
Company Secretary









SOLAR INDUSTRIES INDIA LIMITED

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

**ATTENDANCE SLIP**

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

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

I/We hereby record my/our presence at the 18th Annual General Meeting of the Company to be held at Wednesday, 11th day of September 2013 at 11.30 AM at Hotel Tuli Imperial, Central Bazar, Ramdaspath, Nagpur – 440 010, Maharashtra

Signature of the Member or the Proxy Attending the Meeting

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

**Note:** Members are requested to bring their copies of Notice and 18th Annual Report to the Meeting as the same will not be circulated at the meeting



SOLAR INDUSTRIES INDIA LIMITED

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

**PROXY FORM**

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

I/We \_\_\_\_\_ of \_\_\_\_\_ being Member/Members of SOLAR INDUSTRIES INDIA LIMITED, hereby appoint \_\_\_\_\_ of \_\_\_\_\_ or failing him/her \_\_\_\_\_ of \_\_\_\_\_ or failing him/her \_\_\_\_\_ of \_\_\_\_\_ as my/our Proxy to attend and vote for me/us behalf at the 18th Annual General Meeting of the Company to be held at Wednesday, 11th day of September 2013 at 11.30 AM at Hotel Tuli Imperial, Central Bazar, Ramdaspath, Nagpur – 440 010, Maharashtra and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2013

Affix  
One Rupee  
Revenue  
Stamp here  
& sign

Signature of Shareholder(s)

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







11, Zade Layout, Bharat Nagar, Nagpur, Maharashtra  
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