

Vision & Values

Our value-building
journey

**22nd Annual Report
2016-17**

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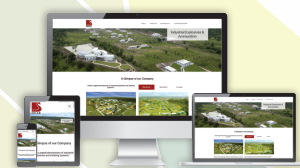
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Forward-Looking Statements

We have exercised utmost care in the preparation of this report. It contains forecasts and/or information relating to forecasts. Forecasts are based on facts, expectations, and/or past figures. As with all forwardlooking statements, forecasts are connected with known and unknown uncertainties, which may mean the actual result deviate significantly from the forecast. Forecasts prepared by the third parties, or data or evaluations used by third parties and mentioned in this communication, may be inappropriate, incomplete, or falsified. We cannot assess whether information in this report has been taken from third parties, or these provide the basis of our own evaluations, such use is made known in this report. As a result of the abovementioned circumstances, we can provide no warranty regarding the correctness, completeness, and upto-date nature of information taken, and declared as being taken, from third parties, as well as for forwardlooking statements, irrespective of whether these derive from third parties or ourselves. Readers should keep this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.



This Report is also available online
on www.solargroup.com



Vision is the spark which makes us soar towards a higher horizon and values are the roots which keep us focused on our journey to success. Hence our strategy has been to ensure the right balance of vision and values.

***With our vision and values,
we are prepared to create an
indelible mark in the industry
that will create an unparalled
value-building journey!***

About us

We are India's largest manufacturer and exporter of Explosive and Initiating System providing complete range of Industrial Explosives.

Promoted by the visionary Shri Satyanarayan Nuwal and his family, Solar group has evolved from a single site manufacturing Company in 1996 to a globally recognised Industrial Explosives Company today.

Our Core Values which support our Vision resulted into diversification in defence and today we have set up one of the world's most integrated facilities for Ammunition.



Manufacturing facility at Nagpur



- Our plants are certified with ISO 9001:2000, ISO 14001:2004 and OHSAS-18001:2007.
- We have received CAPEXIL Awards for Excellence in Exports from India.
- We have been awarded the Maharashtra Safety Award for longest accident free period in manufacture of explosives and ammunition in 2016-17.
- Our Chairman, Shri Satyanarayan Nuwal received the Lokmat Maharashtra of The Year Award 2017.
- We have received CRISIL Rating AA (Positive Outlook)



To emerge as a global leader in the manufacturing of industrial and military explosives and an innovative solution provider with a focus on safety, quality and reliability.

Our Product Portfolio

Industrial Explosives

- Bulk Explosives
- Packaged Explosives
- Detonators
- Detonating Cord
- PETN
- Cast Booster
- Styphnic Acid

Defence Explosives & Ammunition

- HMX, RDX, TNT & Compounds
- Composite Propellants
- Filling and Assembly of Military Fuzes
- Filling of Munitions
- Missile War Heads
- Rockets

License available for following Defence Explosives.

- Propellant (NG)
- Pyro Technic Devices
- Flexible Linear Shape Charges

Key Strengths



Visionary Management



Safety Focus



Quality



State-of-the-Art Facilities



R&D Infrastructure



Backward Integration



Skilled and Experienced Team

Our Clientele



Mission

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

Our value-building journey

1983

Commenced explosives trading business



1998

Commenced production of Detonators



2001

Added Detonating Cord, Cast Booster and PETN to the product portfolio



Incorporated in 1995 and commenced production of packaged explosives

1996



Commenced production of Bulk Explosives

2000



▪ Listed shares on Bombay Stock Exchange and National Stock Exchange

▪ Commenced Exports to Overseas Countries

2006

2007

Extended India presence by setting up new bulk plants



2011-12

Set up manufacturing unit at Turkey



2015

Commenced supply of HMX and HMX Compounds



2017

- Started plant in South Africa successful
- Started getting Bulk Defence Order



- Emerged as India's largest explosives manufacturer
- Set up manufacturing units at Zambia and Nigeria
 - Ventured into Defence Segment for manufacturing HMX and Propellants

2009-10



- Commenced manufacturing of 3-layer shock tubes
- Commenced commercial production of electronic Detonators
- Introduced underground Bulk Explosives

2013



Set up facilities to manufacture Warhead Filling, Pyros, Ignitors, Propellants for Pinaka Mark-II

2016

Excellence across borders

EUROPE

- Albania
- Bosnia
- Czech Republic
- Georgia
- Greece
- Kosovo
- Montenegro

MIDDLE EAST

- Israel
- Jordan
- Saudi Arabia
- Sultanate of Oman
- Turkey

ASIA

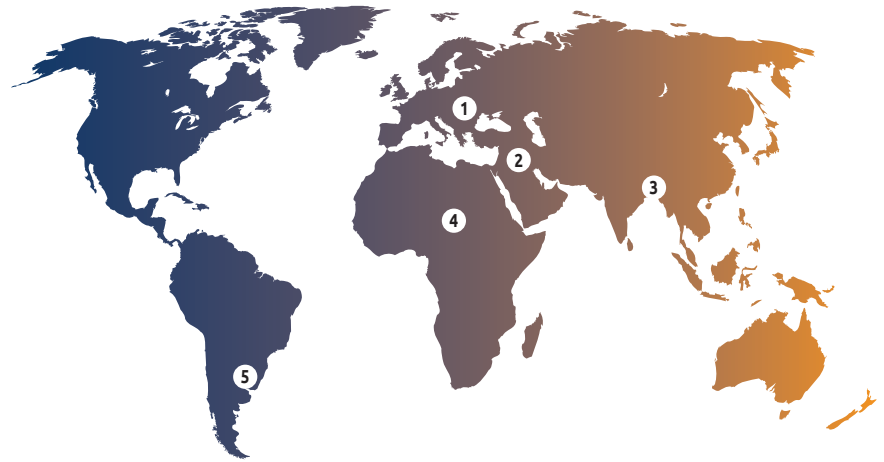
- Bangladesh
- Bhutan
- Hong Kong
- Indonesia
- Malaysia
- Myanmar
- Nepal
- Phillipines
- Sri Lanka
- Thailand

AFRICA

- Algeria
- Burundi
- Democratic Republic of Congo
- Djibouti
- Egypt
- Ethiopia
- Ghana
- Kenya
- Liberia
- Madagascar
- Malawi
- Mauritius
- Mozambique
- Nigeria
- Rwanda
- Sierra Leone
- South Africa
- Tanzania
- Uganda

SOUTH AMERICA

- Chile



Europe



Middle East



Asia



Africa



South America

Overseas manufacturing facilities





Domestic presence

Manufacturing facilities

Chattisgarh

1. Korba Unit-1
2. Korba Unit-2
3. Koriya
4. Raigarh

Jharkhand

5. Hazribagh
6. Dhanbad
7. Barughattu (Ramgarh)

Madhya Pradesh

8. Waidhan Unit-1
9. Waidhan Unit-2
10. Singrauli Unit-1
11. Singrauli Unit-2

Maharashtra

12. Chakdoh
13. Chandrapur
14. Tadali
15. Umrer (Nagpur)
16. Sawanga (Nagpur)
17. Nimjee (Nagpur)

Odisha

18. Angul
19. Jharsuguda
20. Keonjhar

Rajasthan

21. Bhilwara
22. Kota

Telangana

23. Karimnagar
24. Kothagudem

West Bengal

25. Burdwan

Chairman's communique

Dear Shareholders,

I am honoured and delighted to present the 22nd Annual Result of your company.



The Indian economy is on a recovery path enabled by various initiatives of the government supporting 'Make in India' in the manufacturing sector. I am satisfied with the sustained efforts undertaken for the progress of your company. However the financial performance has been lower than our expectations because of sluggish growth in mining sector coupled with devaluation of currency globally against USD particularly in Nigeria and Turkey.

However with our focus on cost rationalisation and optimum capacity utilisation the company has posted satisfactory performance during the year 2016-17.

Performance Overview

Our Gross Sales increased from ₹1574.01 Crores in FY16 to ₹1711.28 Crores in FY17, registering a growth of 8.72%. The PAT was recorded at ₹185.44 Crores in FY17 compared to ₹163.66 Crores in FY16.

We continue to reward our shareholders who have reposed their trust in us. Our total dividend payout for the FY17 is 29.37%, which is in line with our Dividend Policy.

Our operations in India, Zambia, Nigeria and Turkey continue to perform optimally in spite of mining slowdown and currency volatility. I am pleased to inform you that the construction of our fourth overseas manufacturing facility has been completed in South Africa and the commercial

production has also commenced. This would substantially increase our overseas revenue in the coming years.

I am happy to inform that we now have orders worth ₹140 Crores on hand from various customers in Defence Sector and deliveries have already commenced.

Economy Overview

You are aware that our country has emerged as one of the fastest growing major economy of the world. Major sectors of the economy have resurged in response to positive and industry friendly reforms being placed on board by the Central government.

The budget for 2017-18 has given a massive outlay of ₹3.96 Lakhs Crores for infrastructure. An outlay of ₹64,500 Crores for roads and highways; 10% higher than the previous year, will indeed boost the road construction activity. Further, the Government has announced series of incentives in its attempt to provide 1.2 Crores affordable houses for the Lower Income Group (LIG). All these factors would boost the demand for cement, steel and stone aggregate.

With the Govt. of India aiming to substantially increase the coal production by 2020 and giving major impetus to the infrastructure and housing segment, this is bound to result in substantial increase in the demand of industrial explosives in the coming years.

One of the most significant reforms of the Government is the implementation of GST from 1st July, 2017, which would indeed be a game changer and will provide a level playing field to manufacturers like us. This is expected to boost the demand for our products.

Defence

Our Country still depends largely on import of ammunition for the defence sector. The Government has taken various initiatives through the Defence Procurement

Policy 2016 with emphasis on 'Make in India' program inviting the private sector participation to achieve self reliance in defence production for our armed forces. The recently announced policy on 'Strategic Partnership' by the Defence Minister is the most welcome decision of the Government which would help the Indian manufacturers of arms and ammunition to have long-term assured growth avenues.

Currently we are the sole manufacturer of HMX, RDX, TNT and their compounded products in the private sector and also have a large Composite Propellant plant. Most of our products have been tested and validated by various approved defence agencies.

We are also working on setting up a world-class project for manufacture of Bi-modular Charge Systems and fully integrated Rockets which in the long run would play a crucial role in considerably reducing the Country's foreign exchange outgo and will help the Company to increase the return on our Capital employed.

Safety Health & Environment

Health, Safety and Environment is an integral and essential part of our business and key to our existence. Our HSE management is modeled after OHSAS 18001 and ISO 14001 standards. The policies are framed to prevent and mitigate harm to health and environment. We lay great emphasis on imparting hands-on training to our employees at all levels to create safety awareness.

Corporate governance

Acting in accordance with the principles of responsible management, we lay emphasis on corporate governance as crucial to our business sustainability. Good corporate governance is aimed at increasing the value of our business. At Solar, we have a transparent reporting and internal communication system and a policy on corporate governance aimed at active and meaningful engagement with our stakeholder community.

Social Responsibility

At Solar, we have enhanced our scope of social engagement as we firmly believe that its our moral duty to act for the benefit of society at large.

We should never forget the importance of society and environment in our lives. It is indeed high time that we all start thinking about people around us and work for the betterment of society.

Future outlook

Buoyed by our technological excellence, strategic product profiles and financial strength, we are confident to be ahead of the growth curve of the explosives industry; by capitalising on opportunities in domestic and overseas markets. The extensive regulations, strict license controls, long gestation period and heavy capital investments marks the uniqueness of our industry and poses a challenging task for the new entrants.

We look ahead to expand our vision and emerge not only as a global leader in the manufacturing of industrial and military explosives but also as an innovative one-stop solution provider with strong focus on Safety, Quality and Reliability.

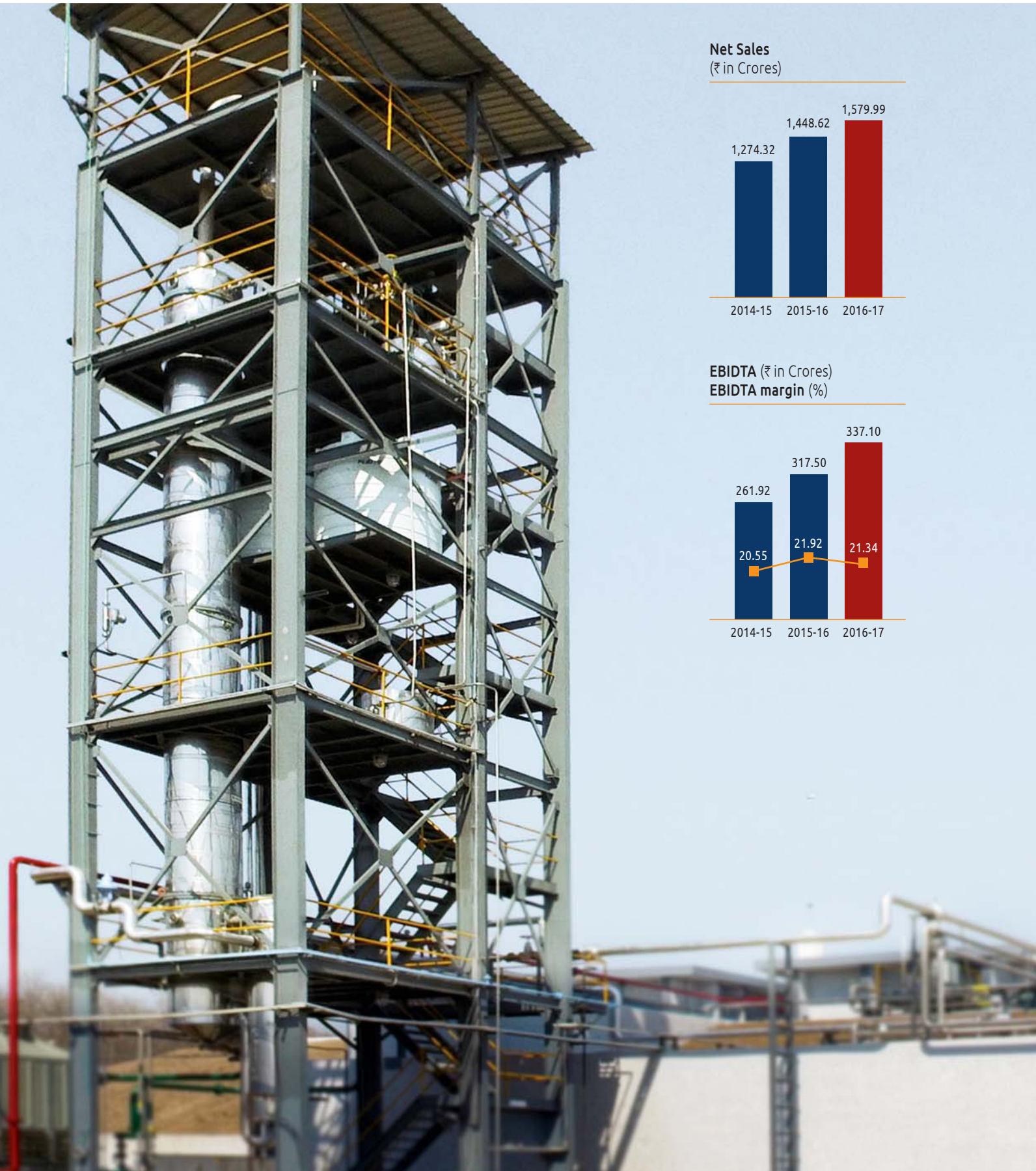
I thank the entire Solar team for their dedication, hard work, and commitment which has kept Solar on the trajectory of success in all fields.

I would like to place on record my sincere appreciation towards the Board of Directors for their guidance and my gratitude towards all our stakeholders for their continuing faith in Solar.

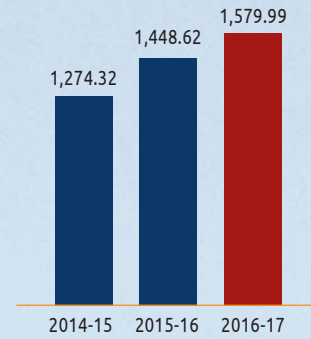
Best Regards,

Satyanarayan Nuwal
Chairman

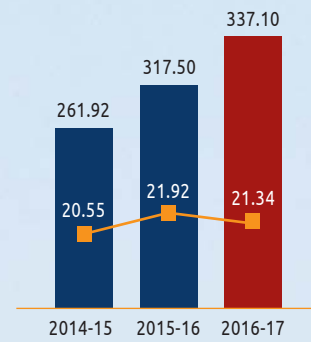
Adding value to our shareholders



Net Sales
(₹ in Crores)

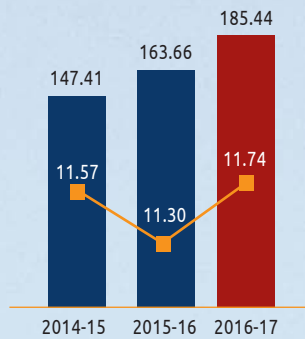


EBIDTA (₹ in Crores)
EBIDTA margin (%)

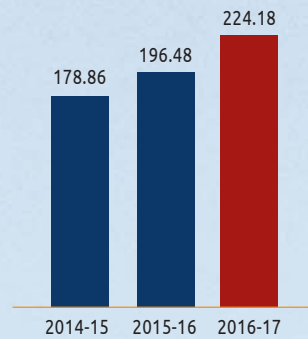


Our Strategy and action plan will ensure Return on Capital Employed to cross **30%** by 2020 and with increased profitability and financial strength the Company tends to maintain a 'Dividend Payout Ratio of **30%**'.

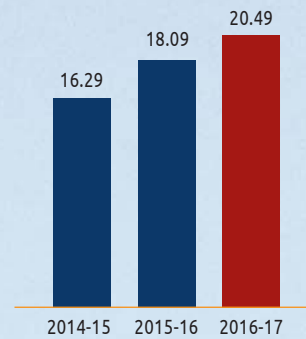
Profit after Tax (₹ in Crores)
Net Profit margin (%)



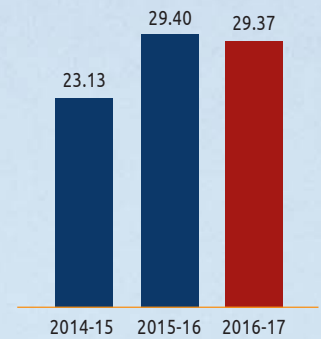
Cash Profit
(₹ in Crores)



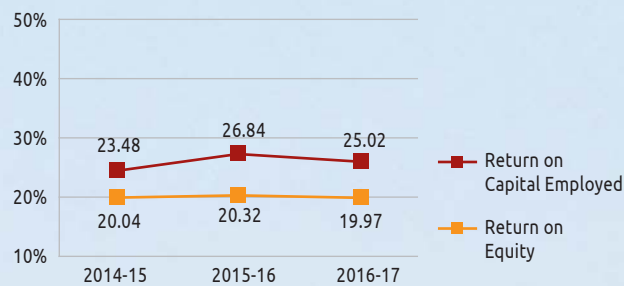
Earnings Per Share*
(₹)



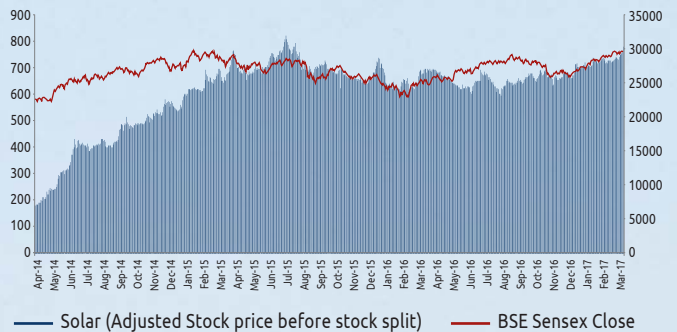
Dividend Payout Ratio
(%)



Return on Equity &
Return on Capital Employed (%)



Solar vs Sensex



Notes:

1. Data pertaining to 2014-15 is as per IGAAP and 2015-16, 2016-17 are as per IND AS.
2. *With effect from July 15, 2016 face value of Company's Equity shares has been subdivided from ₹10 per equity share to ₹2 per equity share and accordingly earnings per share for all the comparative periods has been restated.

Making our vision a reality

Building leadership

Largest

Manufacturer of Industrial Explosives in India

Largest

Exporter of Explosives and Initiating Systems from India

Largest

Manufacturing facility for Cartridge Explosives in the world

First

Company in India to cross production 300,000 MT of Explosives

First

Company in private sector to set up a plant to manufacture HMX, RDX & TNT

First

Company to setup an integrated facility for Defence industry to produce propellants, war heads and rockets

In Balance Sheet

1,711.28

Revenues (₹ in Crores) in 2016-17
10.65% 5-year CAGR

337.10

EBIDTA (₹ in Crores) in 2016-17
11.61% 5-year CAGR

185.44

Net Profit (₹ in Crores) in 2016-17
12.88% 5-year CAGR

11.74%

Net Profit margin in 2016-17

14.19%

Cash profit margin in 2016-17

20.49

EPS (₹) in 2016-17

In Capacities

675.74

Amount invested (₹ in Crores) in capacity expansion in last five years

49%

Growth in overall capacities in last five years

4.41

Present explosive manufacturing capacity (in Lakhs Metric Tons)

Future opportunities

Road construction

USD **9.51** Billion

Budget allocation during FY17-18 for the development of national highways across the country

Housing

1.2 Crores

Houses aimed to be built by 2020 under the 'Housing for All' scheme

World market

85%

Of the globe untapped

Coal

1 Billion Tons

Of production target set for Coal India Limited by Government of India by 2020

Defence

DPP-2016

Lays great emphasis on private sector participation & 'Make in India' for Defence Procurement.

Tax Reforms

GST

The revolutionary tax reform to promote tax compliances by unorganised players

(Source: Ministry of Coal, India, Economic Survey)

The Next Wave

TARGET BY 2020

ACTION PLAN



- Sales volume from **3.00 Lakhs** Metric Tons to **4.5 Lakhs** Metric Tons

- Licenses applied
- Land acquisitions initiated
- Capacity expansion planned to produce **7 Lakhs** Metric Tons by 2020



- **3 fold** revenue increase from present level of **₹350 Crores**

- Increasing Management Bandwidth
- Increasing manufacturing facilities from **5 to 10 countries**



- Cross **₹500 Crores** of revenue

- Commercial rollover of qualified products
- Technology absorption and International Tie-ups for new products
- Participation in strategic partnerships programme

Investing for India's self-reliance in ammunition

The big defense reform

Government of India's desire to become self-reliant in ammunition and its decision to permit private companies into the highly regulated defense sector has opened up doors for opportunity.

Solar Industries – First mover

Eyeing this opportunity, we secured all mandatory licenses to manufacture various products and set up the largest capacity in the private sector for manufacturing the products including:

1. High Energy Materials like HMX, RDX & TNT
2. War Heads, and
3. Rocket Assembly.

Challenges

The defence Qualification Procurement Cycle is quite long. The products are first

tested at our premises which is at par with the ordnance factory and then at the intermediate distinct facilities (army). After the successful tests, trials and validation, it is further tested and regulated by the army in the actual field. Any modifications, will increase the product approval cycle. Once the small scale trials are carried out successfully then the bigger batches of production begin with final order placement. This cycle is for each and every product. Therefore, the gestation period for any defence product is long.

Opportunities

1. Indian Army is the 3rd Largest Military Force in the World.
2. The Government is promoting "Make In India" policy to make country Self Sufficient in Ammunition.
3. Government of India has launched Strategic Partnership Program for Key Ammunition items.

The differentiator – our R&D

Solar has set up R&D labs that are accredited by the Department of Science and Technology, Government of India. Solar have progressively invested in adding capacities to leverage better economies of scale, safety and reliability. The Solar labs also design tailor-made products for clients in Defence sector to meet their unique needs.

Outlook

By leveraging the existing infrastructure, we look forward to emerge as the leading ammunition manufacturer in private sector in India.





Increasing our global footprint

In line with our vision to become a global leader we have created customer footprints in 42 countries supported from our manufacturing facilities in 5 countries. We are now aiming to expand it further by increasing our manufacturing facilities in 10 countries by 2020.



^ Bulk operation at South Africa

Zambia



Zambia is a key area for copper mining in the world. We have setup manufacturing facility of bulk and packaged explosives in 2010 and 2013 respectively. We export to neighbouring countries as well.

Nigeria



Nigeria is one of the fastest growing economy in the African continent. With the construction and infrastructure markets gaining momentum, we are the leading players in the market.

Turkey



We forayed in the year 2011, to start distributing explosives. Subsequently we have set up the manufacturing facility in the year 2013. We are one of the largest industrial explosives manufacturer in the country.

South Africa



We have set up a bulk explosives plant which is commercialised in FY 17, with this manufacturing facility we expect to penetrate the South African Market and strengthen our presence in Africa.

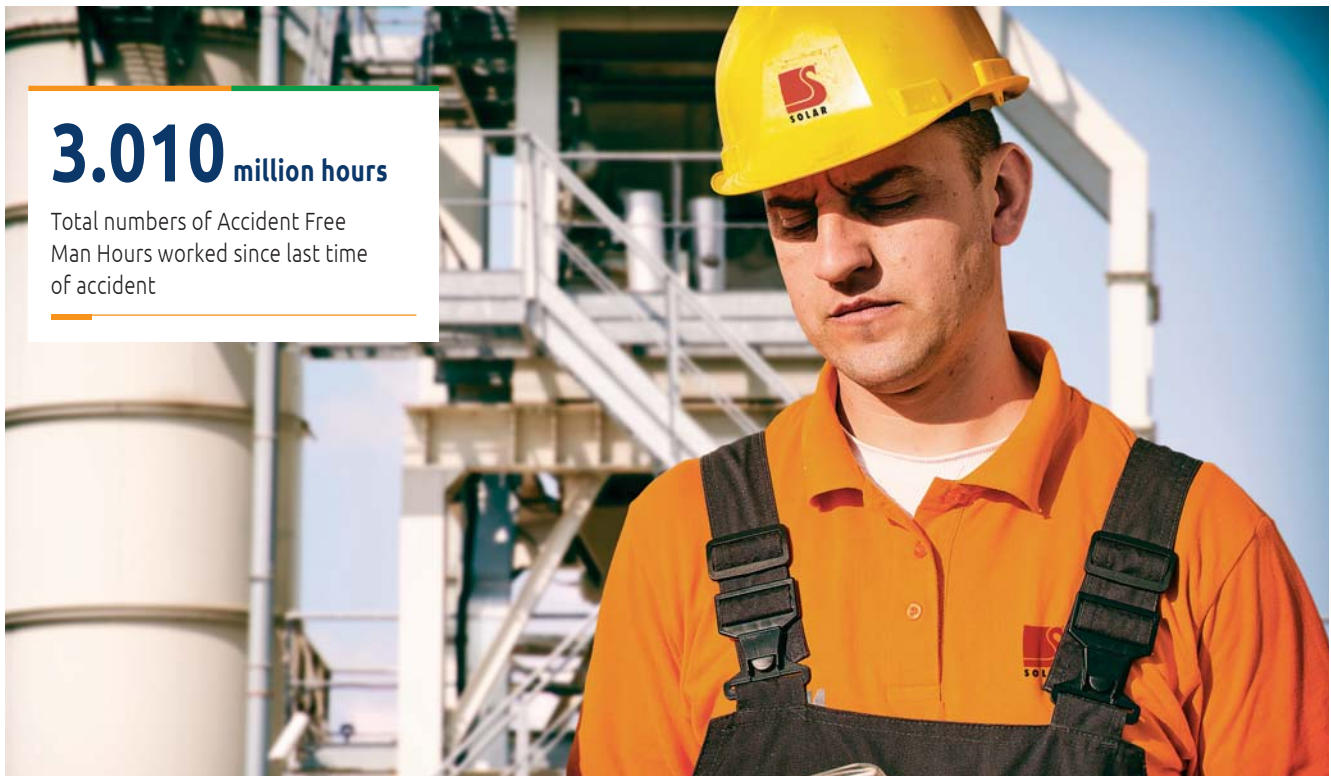
Australia & Ghana (upcoming)



We have already made strong in-roads in both these countries with strategic partnerships. We expect to begin commercial production at both these facilities in the near short-term.

Safety, health and environment

The primary objective of the Company is to provide a safe and healthy work atmosphere for all its employees and contribute towards their sustainable development.



3.010 million hours

Total numbers of Accident Free Man Hours worked since last time of accident





Safety

Safety has always been our top priority and we follow the highest standards of safety at all our manufacturing facilities. We are a member of SAFEX, an international apex body reporting and promoting best practices in safety standards of the Explosives industry. We are highly cognizant of the relevance safety holds in our business and hence we follow best practices. Key initiatives to enhance safety methodologies were:

- Competency evaluation and subsequent training of all workmen and supervisors from sensitive manufacturing plants, carried out by competent and experienced personnel.
- Regular training programmes conducted for supervisors on specific topics relevant to explosives handling and usage.
- Risk assessments, which are a part of "OSHAS" discipline, were carried out on all hazardous operations site.
- To enhance involvement of workmen in the safety culture of the Company, workmen who had come-up with good suggestions to improve safety, were rewarded adequately.



Health

Safeguarding the health of our people is integral to our commitment to remain a responsible organisation. We have taken several initiatives that enable our employees to mitigate health related contingencies and enhance their concentration at work. Some of the initiatives taken by us were:

- From the very first day of our joining, all our employees are covered under the Employee Personal Accident policy.
- A compensation policy for all workers covers accidental damage, accidental disability and accidental death.
- Group Medclaim policy covers the employees' family members (parents, spouse and up to two children).
- Cashless facility for hospital treatment, so the employee can effortlessly manage family health related expenses.
- Periodical medical check-ups for employees and workers.
- A dedicated physician has been appointed at the manufacturing facility to address any accidents and provide first-aid treatment and refer to the hospital for further treatment.



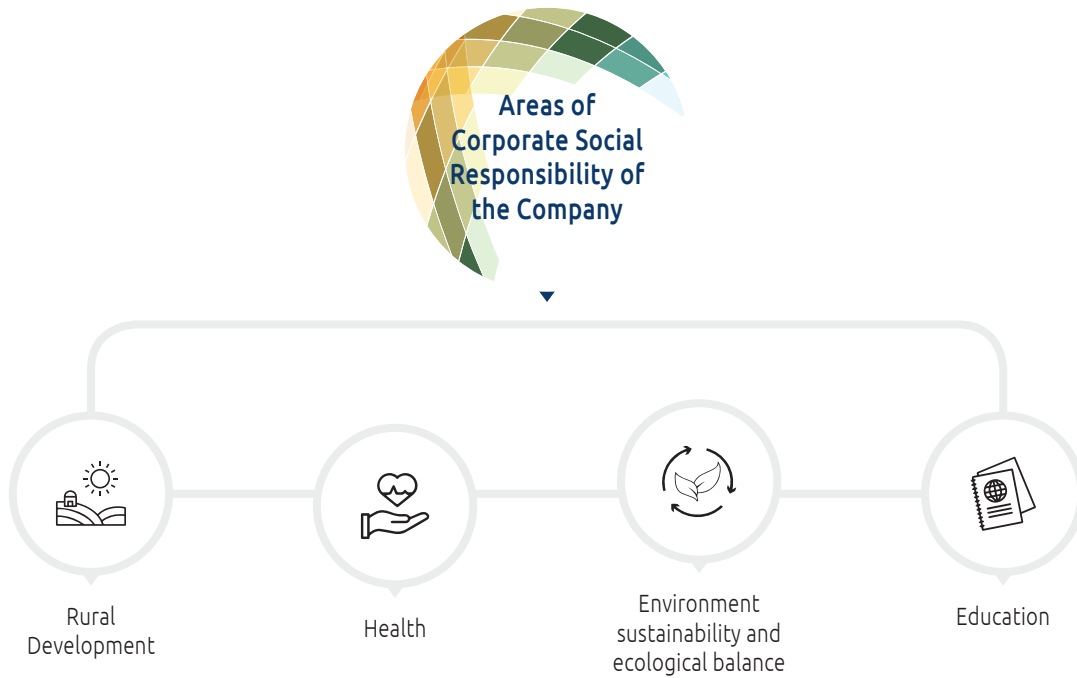
Environment

Solar not only respects the ecosystem it operates in but also works consistently towards conserving it. The Solar Group's "Environment Policy" guide the organisation to continually mitigate the impact on climate change and Global Warming as a result of our operations. These policies are aimed at minimising pollution, controlling waste and conserving natural resources. We are accredited with OSHAS 18001:2007 certification. For preserving environment and Ensuring environment sustainability, we took the following initiatives:

- Plantation of Saplings along with Vanrai Foundation.
- Plantation of trees across the manufacturing areas.
- Creation of Bunds for rainwater harvesting.
- Plantation on hillsides to reduce natural erosion.

Creating holistic value

The Company believes in giving back to the society as a responsible corporate citizen and undertakes socially useful programmes for the welfare and sustainable development of the community at large. The primary beneficiaries of the CSR activities are the people in the area within and around the Company's plant locations.



^ Promoting education



- 1 Eye check up camp
- 2 Environment Sustainability
- 3 Self defence training to girls

- 4 Pavement of playground at Kondhali School
- 5 Distribution of free Medicines
- 6 Distribution of Sports equipments

Corporate Information

Board of Directors

Shri Satyanarayan Nuwal
Chairman and Executive Director

Shri Kailashchandra Nuwal
Vice Chairman and Executive Director

Shri Manish Nuwal
Managing Director and CEO

Shri Roomie Dara Vakil
Executive Director

Shri Anil Kumar Jain
Executive Director

Shri Anant Sagar Awasthi
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

Smt. Madhu Vij
Non-Executive Independent Director

Chief Financial Officer

Shri Nilesh Panpaliya

Company Secretary & Compliance Officer

Smt. Khushboo Pasari

Corporate Identification Number

L74999MH1995PLC085878

Registered Office

11, Zade Layout, Bharat Nagar
Nagpur-440033
Ph: +91-712-6681888
E-mail: solar@solargroup.com

Statutory Auditors

Current Statutory Auditors
M/s Gandhi Rathi & Co.
Chartered Accountants,
Address: Parekh Centre,
3rd Floor, Opposite Daga Hospital,
Gandhi Bagh, Nagpur,
Maharashtra-440002

Recommended Statutory Auditors
M/s SRBC & Co. LLP
5th Floor, Block B-2
Nirlon Knowledge Park
Off. Western Express Highway
Goregaon (E) Mumbai – 400063 India.

Jointly with M/s Akshay Rathi & Associates
119, Vimlanand, Near Dr Golhar Hospital,
Ramdaspath, Nagpur, India

Bankers

State Bank of India
Bank of India
Axis Bank Limited
DBS Bank Limited
HDFC Bank Limited
ICICI Bank Limited
Yes Bank Limited
IndusInd Bank Limited
IDFC Bank Limited

Registrar and Transfer Agents

M/s Link Intime India Pvt Ltd.
C-101, 247 Park
LBS Marg, Vikhroli (West)
Mumbai – 400083
Tel No. – 022-49186000
E-mail: rnt.helpdesk@linkintime.co.in

Audit Committee

Shri Dilip Patel - Chairman
Shri Amrendra Verma - Member
Shri Manish Nuwal - Member
Smt. Madhu Vij - Member

Stakeholders Relationship Committee

Shri Anant Sagar Awasthi - Chairman
Shri Kailashchandra Nuwal - Member
Shri Roomie Dara Vakil - Member

Nomination and Remuneration Committee

Shri Anant Sagar Awasthi - Chairman
Shri Dilip Patel - Member
Shri Ajai Nigam - Member

Corporate Social Responsibility Committee

Shri Satyanarayan Nuwal - Chairman
Shri Manish Nuwal - Member
Shri Ajai Nigam - Member

Grievance Redressal Division

investor.relations@solargroup.com

Board of Directors



Standing

(LEFT TO
RIGHT)

Shri Dilip Patel
Non-Executive Independent Director

Shri Anil Kumar Jain
Executive Director

Shri Manish Satyanarayan Nuwal
Managing Director & CEO

Shri Ajai Nigam
Non-Executive Independent Director

Shri Amrendra Verma
Non-Executive Independent Director

Sitting

(LEFT TO
RIGHT)

Shri Anant Sagar Awasthi
Non-Executive Independent Director

Shri Kailashchandra Nandlal Nuwal
Vice Chairman & Executive Director

Shri Satyanarayan Nandlal Nuwal
Chairman and Executive Director

Shri Roomie Dara Vakil
Executive Director

Smt. Madhu Vij
Non-Executive Independent Director



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Management Discussion and Analysis



^ Defence Manufacturing Facility

A. Economic and Industry Overview

Industrial Explosives

Industrial explosives and initiating systems are primarily consumed in the process of mining, quarrying and construction industry. Industrial explosives are those highly hazardous substances, which when initiated efficiently, rapidly gets converted into gases at very high pressure and temperature. Industrial explosives are broadly classified into bulk explosives, packaged explosives and Initiating systems. The choice of industrial explosive for a particular task depends on some major parameters including velocity of detonation, detonation pressure, effective energy, density, water resistance, sensitivity, and storage life. These explosives can be tailor made keeping in mind hardness and compressive strength of the strata to be blasted with due consideration of environmental safeguard of the area like fly rocks, ground vibrations and noise.

Global Explosives Industry

The global industrial explosives market is segmented on the basis of type, end-use industry, and geography.

The mining segment is one of the recognisable end-use of industrial

explosives, dominating with a market share of approximately 80% while the rest is consumed in infrastructure development. It is expected to maintain its trend due to increase in mineral extraction and demand for steel (iron ore) and cement (limestone). Moreover, coal is another commonly used fuel, accounting for the growth of mining industry across various regions.

The construction segment is projected to exhibit significant growth rate in coming years. The adoption of industrial explosives for tunnelling and highway construction is driven by ease of availability of industrial explosives and increasing awareness among construction professionals for using industrial explosives as an alternative for mechanical drills to save cost, money, and time. These are instrumental factors determining the growth in worldwide demand for industrial explosives. A growing number of housing and infrastructure projects and enhancement of public transportation facilities including railways and roadways is expected to result in significant investment towards tunneling and road development projects which is expected to fuel the demand for industrial explosives.

Countries of Interest

Nigeria

Nigeria, was in recession till December 2016, facing its first full-year contraction for almost three decades. The economy is highly dependent upon crude oil production and has been adversely impacted in the recent years due to a crash in the crude oil prices. Lower hydrocarbon revenues, tight capital controls and currency devaluation combined to make 2016 a challenging year for Nigeria.

Looking ahead, GDP growth of 0.6% is the forecast for Nigeria in 2017, an improvement on the last year's recession (*Source: IMF*). Reforms, combined with a new budget, an anticipated rise in oil prices and international funding should see Nigeria return to growth in 2017.

Zambia

Zambia continued to face slower growth in 2016 due to tough global conditions coupled with domestic challenges including power outages, tight liquidity, and limited economic reform.



^ Blast at Mining site

Zambia has turned into one of the most challenging business due to instability in electricity supply and downfall in Chinese demand. There was also good partial news in both the exchange rate of the Kwacha against major international currencies as well as the inflation rate that exhibited favourable trends when 2016 is contrasted with 2015.

The economic outlook in 2017 remains bullish with a growth projection of 4% GDP as compared to 3% in 2016. The forecast assumes progress with the economic recovery plan, and more significantly improved copper exports.

Turkey

Turkey's growth was 2.7% in 2016, below the government's official 3.2% forecast, citing political uncertainty, strained relations with Europe and insecurity at home and in the region (*Source:IMF*). Dwindling tourist arrivals in the wake of political and security concerns also hampered the economy's performance.

Despite the domestic political turmoil, plummeting currency and uncertain global recovery, the nation's Industrial production increased by 2.6% in January 2017 as compared to January 2016, the highest reading in eight months. The result was driven by growth in the manufacturing and electricity, gas, steam and air conditioning supply sub-sectors. The industrial production is expected to rise to 2.8% in 2017 and 3.2% in 2018. The country also ranks second after Brazil in making the highest commitment for total infrastructure investments among the emerging countries.

South Africa

South Africa economy decelerated growth in 2016 due to slowing global demand and weak commodity price.

Mining activity deteriorated substantially in 2016. Nonetheless, the downturn was steeper in the first half of 2016 than in the second half which implies that the contraction may be nearing an end, and will likely be followed by modest growth in 2017, helped by higher metals prices.

Higher commodity prices in combination with lower inflation, stable interest rates and a recovery in agricultural sector is expected to drive growth in 2017, stronger than in 2016.

Indian Explosives Industry

The Explosives Industry in India would continue to grow at 7 – 8% driven mainly by the Mining and Infrastructure segment.

Government of India is focused to be a power surplus by 2022 and to reduce the import of steam coal to Nil by 2020. This will lead to robust growth in domestic coal production which will in turn lead to superior growth for the Indian Explosives Industry.

A growing number of housing and infrastructure projects and roadways is expected to result in significant investments towards tunneling and road development projects. This in turn, is expected to fuel the demand for industrial explosives.

B. Opportunities and Threats

Opportunities

1. While 80% of industrial explosives consumption is in the mining industry, rest 20% in infrastructure and housing, Explosives industry should turn out to be the biggest beneficiary of the anticipated revival in the economic activities.
2. Coal Ministry of India target of achieving 1 billion tons of coal production from CIL by FY2020 will boost demand for explosives. The Company will capitalise this demand while enhancing its existing capacity as Coal India is the largest client contributing 24.11% of revenue in FY2017.
3. Global Opportunity: Steady technological advancements within the mining industry will lead to reduction in mining costs, improvement in blasting efficiencies and driving explosives sales, thereby boosting growth of Industrial Explosives market.
4. The Government's thrust on indigenous defence manufacturing under the 'Make in India' plan initiative and the proposed amendments in the Draft Defence Procurement Policy 2016 demonstrate rising opportunity for the Company's growth in this segment.

Threats

1. Changes in the Government's policies for mining and infrastructure sector can hamper the growth of the ancillary sectors, such as the explosives industry.
2. The Company derives approximately 28% of its consolidate revenue from exports and overseas operations. Any adverse movement in currencies of those countries may lead to adverse financial consequences.
3. Fall in commodity prices in the global market and slowdown of the economy will impact the demand for the explosives.
4. Any drastic reduction in thermal power generation can reduce demand of coal in India and can reduce demand of Explosives.

C. Product-Wise Performance

We are engaged in the manufacturing of complete range of industrial explosives and explosive initiating devices. We have also forayed into manufacturing of ammunition for military applications. We are also the first domestic supplier of the HMX, a key component to missile warheads.

1. Commercial/Civil Explosives

Our civil and commercial explosives segment comprises of Bulk Explosives, Cartridge and Detonators & Initiating System.

Bulk Explosives

Bulk explosives are used for large open cast projects. The Company's bulk explosives units are located within 50-60 kms radius from the mining sites with a licensed manufacturing capacity of 301,000 metric tons per annum. The Bulk Explosives segment has grown by 7.21% from 1,83,412 metric tons in FY2016 to 1,96,636 metric tons in FY2017.

Packaged Explosives

The packaged explosives are used for tunnelling, underground metaliferrous mines, coal mines, civil construction projects and shaft sinking road construction, well sinking etc. These are available in different diameters ranging from 25 millimetre to 200 millimetre.

The Packaged Explosives segment has grown by 23.77% from 87,759 metric tons in FY 2016 to 1,08,620 metric tons in FY2017. With substantial increase in the infrastructure spend of ₹3.96 trillion in the current budget with emphasis on growth in Highways, Ports, Roads and thrust on 'Housing for All', the demand for cement, steel and stone aggregates for road and housing construction would go up substantially boosting demand for packaged explosives as well.

Initiating Systems

We offer an extensive range of Initiating Systems including Detonators, Detonating Cords and Cast Boosters among others. The Company's cast booster is used for priming insensitive explosives including Ammonium Nitrate

and Fuel Oil (ANFO), slurries and emulsion among others.

Our volume sale for Detonators has grown by 6.78% during the year, from 146 million units in FY2016 to 156 million units in FY2017 and for Detonating Fuse has grown by 45.35% from 71 million meters in FY2016 to 103 million meters in FY2017.

2. Our Defence Products

With our expertise in handling energetic materials, we have forayed into Ammunitions. With a wide range of defence products, we are at the forefront of indigenising technology and are developing various new products for different applications. We have facilities to manufacture following defence products:

- High Energy Explosives
- Bombs, warheads and Torpedos
- Initiating systems, Pyros and Fuzes
- New Generation Explosives
- Ammunitions
- Rockets and propellants

D. Outlook

We are well placed in the industry and expect to grow in the near future backed by improvement in domestic economic

activity. Strong demand due to increased activity in road projects and improve mining activity, our large housing projects by the Governments, stands as an added advantage. We forecast a domestic growth of 15%-16% per annum against likely industry growth of 6%-8%.

Our operations in Nigeria, Zambia and Turkey are stream lined and commercial production have started in South Africa. Now we are planning to expand our global footprints by increasing our manufacturing base from 5 countries to 10 countries. This will ensure a three fold increase in our turnover from present level to 350 Crores.

Management sights a distinguished opportunity in defence. New business of defence will further solidify the Company's model at a time when the Government's prerogative is to indigenise defence manufacturing, which will allow us to scale up the defence business at a brisk pace. We are planning to invest further to expand our product line to achieve our vision. In the long run, we expect this segment to be a significant growth driver.

we believe the Company would be a key beneficiary and it stands at the inflection point, poised to deliver significant growth.



Our Product Range

E. Risks and Concerns

1. Economic and Political Factors

Any significant change in the Government's priorities could impact infrastructure, real estate, construction and mining sectors and subsequently deter the Company's performance due to its dependency on the economy.

Mitigation measures

The Company has seen many business cycles over the last two decades. The company has well diversified into different segments and geographies and is able to maintain reasonably leveraged balance sheet.

4. Concentration Risk

Concentration on few industries, clients and region can have an adverse impact on the Company's revenue if there is any slowdown in these segments.

Mitigation measures

The Company's product portfolio is diversified across the infrastructure and mining sector. Recently, the Company has forayed into the ammunition, thereby increasing the client-base. Moreover, the Company is well diversified in key geographies.

7. Hazardous Risk

Manufacturing of Explosives and Ammunition items are hazardous in nature and prone to accidents.

2. Compliance Risk

The explosives industry is highly sensitive and strongly regulated, requiring various approvals and licenses for manufacturing, storage, transportation and marketing. Any adverse decision by the Government or the regulatory bodies can adversely impact Company's core operations.

Mitigation measures

The Company has an adequate systems and processes to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

5. Competition Risk

The tender system of supply to Coal India poses a constant risk of loss of business to competitors of the Company.

Mitigation measures

The Company is an integrated player in the explosives industry. The Company has a veritable pan-India presence and is also present in some of the key overseas market. The tender system of supply at Coal India enables the Company to participate and win the contracts on merit basis. However, aggressive bidding by competitors may impact margins to some extent.

Mitigation measures

At Solar, safety is being given highest importance. During the year, the Company reported zero incident, showcasing its commitment to safety. The Company has been investing heavily in safety across its operations. Regular training workshops are conducted by internal and external experts

3. Raw-Material Price Volatility

Raw-material availability and its procurement at reasonable price may affect the operations of the Company. The profits can also be adversely affected due to the price volatility of raw-materials of explosives including Ammonium Nitrate, Diesel etc.

Mitigation measures

The Company has entered into sales contracts with its major customers with a in-built price escalation clause covering AN and Diesel.

6. Currency Risk

The Company might encounter foreign-exchange fluctuation risk of subsidiary operations which could affect the earnings.

Mitigation measures

Risk management of FOREX Exposure is covered by Forex Policy for Benchmark Costing. The Company also has significant exports, which act as a natural hedge. However, the business is exposed to sudden unpredictable local currency movement of the subsidiaries.

and regular safety check mechanisms are followed. The Company is a member of SAFEX, an international apex body reporting and promoting best practices in safety standards of the explosive industry.

F. Internal Control Systems and Their Adequacy

Our management assessed the effectiveness of the Company's internal control over financial reporting (as defined in Regulation 17 of SEBI Regulations, 2015) as of March 31, 2017. The assessment involved self-review, peer review and external audit. The audit committee reviews reports submitted by the management and audit reports submitted by internal auditors and statutory auditors. Suggestions for improvement are considered and the audit committee follows up on corrective action. The audit committee also meets Solar's statutory auditors to ascertain, inter alia, their views on the adequacy of internal control systems and keeps the board of directors informed of its major observations periodically. Based on its evaluation (as defined in Section 177 of Companies Act 2013 and Regulation 18 of SEBI Regulations, 2015), our audit committee has concluded that, as of March 31, 2017, our internal financial controls were adequate and operating effectively.

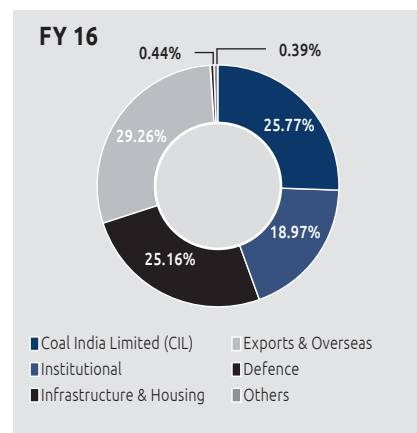
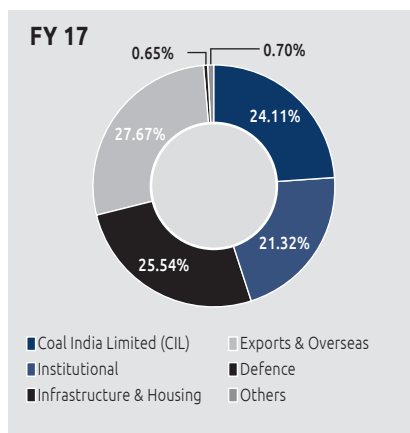
G. Discussion on Financial Performance, with Respect to Operational Performance

The Net Sales of the Company during FY2017 increased to ₹1579.99 crores from ₹1448.62 crores over previous year leading to a rise in EBIDTA from ₹317.50 crores in FY2016 to ₹337.10 Crore in FY2017. PAT for the year, at ₹185.44 crores showed a Y-o-Y growth of 13.31% and PBT for the same period of ₹271.47 crores grew by 2.74% as compared to ₹264.24 Crore in FY2016. Finance Cost during the year changed by 31.56 % from ₹20.44 crores to ₹26.89 crores.

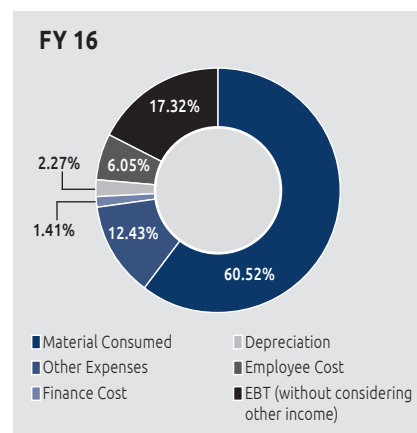
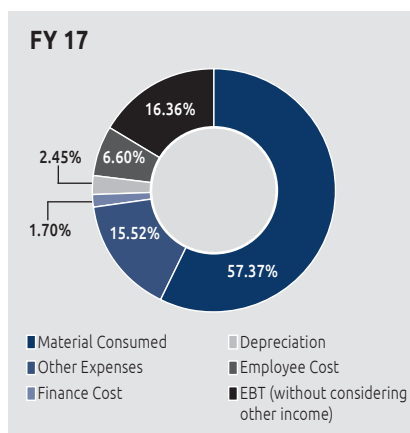


⤴ Packaged Explosives

Annual Revenue Break-Up



Annual Cost Break-Up





H. Material Development in Human Resources

Human resource represents the Company's assets. The robust and dynamic HR policies and practices are designed to enable employees to realise their full potential. We firmly believe that employees motivation, development and engagement are the keys to good human resource management. We regularly undertake training and development programmes, encourage employees in various activities and encourage talent through mentoring and entrusting them with responsible positions. The employees and management are bonded together with trust and caring culture, which helps us to scale new frontiers of growth.

Labour practices and Human Rights

We comply with ethical and human rights standards and the applicable local laws. Regulatory requirements include

Compliances under the Factories Act 1948, the Payment of Wages Act 1936 and Industrial Disputes Act 1947 among others. Internal Complaints Committee have been established to deal with cases of sexual harassment at workplace, if any. Workmen and safety related issues are reviewed at our manufacturing units and project locations in Safety Management Committee meetings.

Cautionary Statement

This document contains statements about expected future events, financial and operating results of Solar Industries India Limited, which are forward looking. By their nature, forward looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is a significant risk that

the assumptions, predictions and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the management's discussion and analysis of Solar Industries India Limited's Annual Report, 2016-17.

Directors' Report

Dear Members,

The Board of Directors hereby submits the report of the business and operations of your Company ('the Company' or 'Solar'), along with the Audited Financial Statements, for the financial year ended on March 31, 2017. The consolidated performance of the Company and its subsidiaries has been referred to whenever required.

The Company adopted Indian Accounting Standards ("Ind AS") from April 1, 2016 and accordingly financial results have been prepared in accordance with the recognition and measurement principles laid down in the Ind AS 34 'Interim Financial reporting' prescribed under Section 133 of the Companies Act, 2013 read with the relevant rules issued thereunder and the other accounting principles generally accepted in India.

1. Financial Highlights

(₹ in crore except per Equity share data)

Particulars	Standalone		Consolidated	
	2017	2016	2017	2016
Net Revenue from operations				
(Including Other Income)	1,266.60	1,139.22	1,724.49	1,587.26
Less: Expenditure	1,036.38	941.16	1,387.39	1,269.76
Operating profit (PBIDT)	230.22	198.06	337.10	317.50
Interest	13.79	7.66	26.89	20.44
Profit before Depreciation & Tax (PBT)	216.43	190.40	310.21	297.06
Less: Depreciation	19.28	17.72	38.74	32.82
Profit before Tax & Exceptional item	197.15	172.68	271.47	264.24
Less: Exceptional item	-	-	-	-
Profit before Tax	197.15	172.68	271.47	264.24
Less: Provision for Taxation	64.57	63.82	76.74	86.74
Profit after Tax	132.58	108.86	194.73	177.50
Other Comprehensive Income	(0.46)	-	(1.11)	-
Share of profit transfer to minority	-	-	8.19	13.84
Net profit (after Minority Interest)	132.12	108.86	185.44	163.66
Balance brought forward	175.17	179.93	283.04	263.00
Balance available for appropriation	307.29	288.79	468.47	426.66
Appropriation:				
Interim Dividend	18.10	57.01	18.10	57.01
Tax On Dividend	3.68	11.61	3.68	11.61
Adjustment of Depreciation	-	-	-	-
General Reserve	45.00	45.00	76.91	75.00
Balance Profit Carried To Balance Sheet	240.51	175.17	369.78	283.04
Earning Per Share (EPS)*	14.60	12.03	20.49	18.09

*With effect from July 15, 2016, face value of Company's Equity shares has been subdivided from ₹10 per equity share to ₹2 per equity share and accordingly EPS for all comparative periods have been restated.

Results of Operation

Standalone Reaching

- During the financial year ending on March 31, 2017, revenue of the Company stands at ₹1266.60 Crores as against ₹1139.22 Crores achieved during the previous year, which is a significant increase in turnover by 11.18%.
- The Profit After Tax (PAT) for the FY 2016-17 is ₹132.12 Crores against ₹108.86 Crores in the previous year 2015-16.
- Profit before Interest, Depreciation, Amortisation, Exceptional Items & Tax stood at ₹216.43 Crores as against ₹190.40 Crores in the previous year.
- Earnings Per Share as on March 31, 2017 is ₹14.60 vis a vis against ₹12.03 as on March 31, 2016.

- The net worth of the Company has increased and stands at to ₹658.63 Crores in the fiscal year 2017 from ₹548.29 Crores at the end of fiscal year 2016.

Consolidated Reaching

- During the financial year ending on March 31, 2017, revenue of the Company stands at ₹1724.49 Crores as against ₹1587.26 Crores achieved during the previous year, which is a significant increase in turnover by 8.65%.
- The Profit After Tax (PAT) after transferring the share of profit of Minority Interest for the financial year 2016-17 is ₹185.44 Crores against previous year ₹163.66 Crores in 2015-16.
- Profit before Interest, Depreciation, Amortisation, Exceptional Items & Tax stood at ₹310.21 Crores as against ₹297.06 Crores in the previous year.
- Earnings Per Share as on March 31, 2017 is ₹20.49 vis a vis against ₹18.09 as on 31st March, 2016.
- The net worth of the Company has increased and stands at to ₹928.59 Crores in the fiscal year 2017 from ₹805.44 Crores at the end of fiscal year 2016.

2. Appropriations

Dividend:

Based on company's performance, the directors are pleased to recommend for approval of members a final dividend of ₹3 per share for the FY 2016-17 taking the total dividend to ₹5 per share (previous year ₹4.5 per share, restated on the basis of ₹2 per equity share). The final dividend on equity shares, if approved by the members would involve a cash outflow of ₹32.67 crores including Dividend tax. The total dividend on equity shares including dividend tax for the FY 2016-17 would aggregate ₹54.46 crores resulting in payout of 29.37% of the unconsolidated profits of the Company.

Regulation 43A of SEBI Listing Regulations, 2015 (LODR) requires that the top 500 listed companies based on the market

capitalisation to formulate Dividend Distribution Policy, the details of which are available on the company's website – <https://www.solargroup.com/Uploads/Files/Investors/policies/PDD.pdf>

3. Transfer of Amounts to Investor Education and Protection Fund

Pursuant to Sections 123 and 125 of Companies Act, 2013; the relevant amounts which have remained unclaimed and unpaid for a period of seven years from the date they became due for payment have been transferred to the Investor Education and Protection Fund (IEPF) administered by the Central Government.

During the year under review, in Compliance with the above Sections and Investor Education and Protection Fund (awareness and protection of investors) Rules, 2011, Your company has transferred Unpaid and unclaimed dividend amount of ₹52,416 and ₹39,639 lying in the Final Dividend Account (2008-2009) and Interim Dividend Account (2009–2010) respectively to IEPF.

Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on September 22, 2016 (date of last Annual General Meeting) on the Company's website (www.solargroup.com) and also on the Ministry of Corporate Affairs' website.

4. Transfers to Reserves

The Company has transferred ₹76.91 Crores to the general reserve out of the amount available for appropriations and an amount of ₹369.78 Crores is proposed to be retained in the statement of profit and loss.

5. Deposits

During the year the Company has not accepted deposits from the public falling within the ambit of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

6. Credit Ratings

CRISIL has revised its ratings for long term borrowings of Solar Industries India Ltd from 'CRISIL AA/Stable' to "CRISIL AA/Positive". The ratings reflect SILL'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 SILL's financial and business profiles with those of its subsidiaries.

In addition to long Term rating, CRISIL has also re-affirmed the rating of Short Term Borrowings and commercial paper to "CRISIL A1+".

7. Commercial Paper

During the year under review, your company raised funds through issue of Commercial Papers of ₹50 crores by earmarking the Working Capital Limit from ICICI Bank Limited and HDFC Bank Limited

Details of these Commercial Papers are summarised below:

Name of Bank	From	To	Rate of Interest
ICICI Bank Limited	26 th December, 2016	17 th March, 2017	6.85%
HDFC Bank Limited	22 nd February, 2017	24 th April, 2017	6.90%
ICICI Bank Limited	24 th March, 2017	21 st June, 2017	6.89%

8. Particulars of Loan, Guarantees or Investments with Related Parties

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

9. Subsidiaries and Associates

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.

During the year under review, Company acquired "Australian Explosives Technologies (Pty) Limited" through its Step Down subsidiary Solar Overseas Singapore PTE Limited. Thus, "Australian Explosives Technologies (Pty) Limited" is a step down subsidiary of the Company.

During the financial year under review, in continuation of the efforts to realign the group structure and consolidate the multi layered structure, the Board has decided to dissolve the following three subsidiary companies:

- Solar Industries Mozambique LDA
- Solar Explochem (Ghana) Limited
- Solar Mining Services Australia PTY Limited.

10. Audited Financial Statements of the Company's Subsidiaries

The Board of Directors of your Company at its meeting held on May 29, 2017, approved the Audited Consolidated Financial Statements for the FY 2016-17 which includes financial information of all its subsidiaries, and forms part of this report. The Consolidated Financial Statements of your Company for the FY 2016-17, have been prepared in compliance with applicable Indian Accounting Standards (Ind-AS) and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 requirement.

A report on the performance and financial position of each of subsidiaries of your Company including capital, reserves, total assets, total liabilities, details of investment, turnover, etc., pursuant to Section 129 of the Companies Act, 2013 in the Form AOC-1 forms part of this report.

In accordance with Section 136 of the Companies Act, 2013, the audited financial statements, including the consolidated financial statements and related information of the Company and audited accounts of each of its subsidiaries, are available on our website www.solargroup.com. These documents will also be available for inspection during business hours at our registered office of the Company.

11. Share Capital

The paid up Equity Share Capital as on March 31, 2017 was ₹1809.80 Lakhs. During the year under review, the Company has not issued shares with differential voting rights nor granted stock options nor sweat equity.

During the year under review, the shares of the company were splitted from 1 share of face value of ₹10/- per share into 5 shares of ₹2/- per share. The sub-division was approved by the shareholders through postal ballot. The results of the Postal Ballot were announced on July 01, 2016. The sub division of shares was with effect from July 15, 2016. The paid – up share capital of the company remained unchanged.

12. Corporate Governance

The Company has complied with the corporate governance requirements under Companies Act, 2013, and as stipulated under Listing Regulations. A separate section on Corporate Governance along with a certificate from the auditors confirming compliance is annexed and forms part of this Annual Report.

13. Board Diversity

Your Company has laid down well-defined criteria for the selection of candidates for appointment as Directors, Key Managerial Personnel and Senior Management. There has been no change in the policy since last fiscal.

14. Declaration by Independent Directors

The Independent Directors have given declarations that they meet the criteria of independence, as laid down under Section 149(6) of the Companies Act, 2013

and Regulation 16(1) (b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

15. Board Meetings

During the year Five Board Meetings were convened and held on May 16, 2016, July 01, 2016, September 07, 2016, November 23, 2016 and February 14, 2017. The details of which are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

16. Board Committees & its Meetings

The Board of the Company has total four Committees namely Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Corporate Social Responsibility Committee. Each Committee met at least once in every quarter. The details of composition and committee meetings during the year are given in the Corporate Governance Report which is a part of this report.

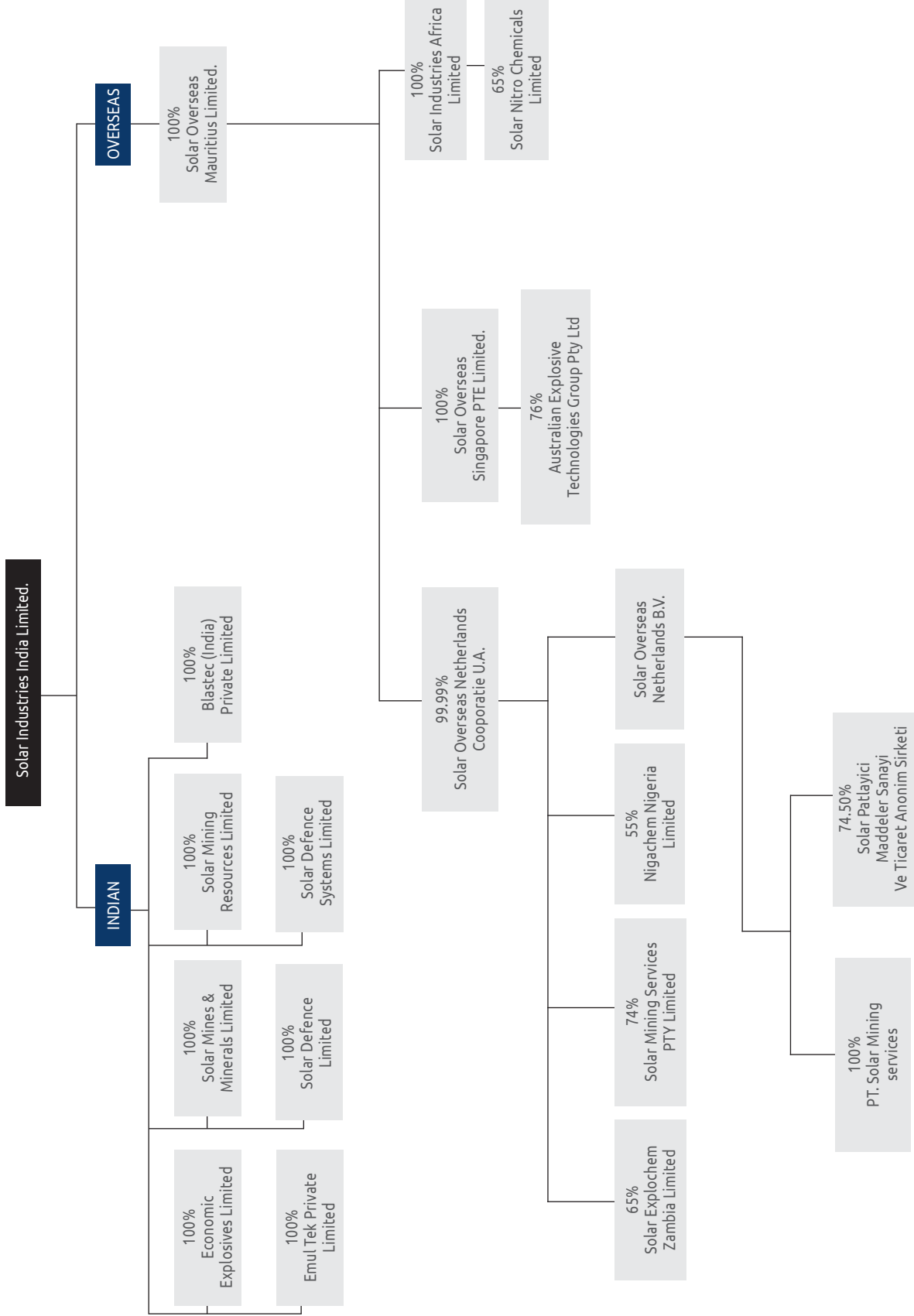
17. Vigil Mechanism

The Vigil Mechanism of the Company which also incorporates a Whistle Blower Policy to deal with instance of fraud and mismanagement, if any. The details of the Whistle Blower Policy is explained in the Corporate Governance Report and also posted on the website of the Company at the link <https://www.solargroup.com/Uploads/Files/Investors/policies/WBP.pdf>

18. Policy on Sexual Harassment of Women at Workplace

The Company has zero tolerance towards sexual harassment at the workplace and towards this end, has adopted a policy in line with the provisions of sexual harassment of women at workplace (Prevention, Prohibition and Redressal) Act – 2013 and the rules made thereunder. All employees (permanent, contractual, temporary and trainees) are covered under the said policy. During the financial year under review, the company has not received complaints of sexual harassment from any employee of the company.

Current Holding Structure of Solar Industries India Limited



19. Directors and Key Managerial Personnel

Director's Retiring by Rotation

In terms of Articles of Association of the Company and as per Section 152(6) of the Companies Act, 2013 provides that 2/3rd of the Board of Directors is considered to be Directors liable to retire by rotation, of which 1/3rd shall retire at every Annual General Meeting of the Company as per Section 152(6) (e) of the Companies Act, 2013 and the Company shall have an option to re-appoint the retiring Director or appoint someone else in his place.

This year Shri Kailashchandra Nuwal (DIN: 00374378) shall retire by rotation and being eligible offer himself for re-appointment at this Annual General Meeting.

The Boards of Directors recommends his re-appointment at Item No. 3 of the Notice Calling 22nd Annual General Meeting for consideration of the Shareholders.

The brief resume and other details relating to Shri Kailashchandra Nuwal (DIN: 00374378) who is proposed to be re-appointed, as required to be disclosed under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is incorporated in the annexure to the notice calling 22nd Annual General Meeting.

Director's Re-appointment

Executive Director

Pursuant to the recommendation of Nomination and Remuneration Committee the Board of Directors of the Company passed

a resolution on May 29, 2017 approving re-appointment of Shri Roomie Dara Vakil, as Executive Director of the Company for a further period of one year with effect from April 01, 2017 to March 31, 2018.

The requisite notices together with necessary deposits have been received from a Director pursuant to Section 160 of the Companies Act, 2013, proposing the election of Shri Roomie Dara Vakil in as an Executive Director of the Company.

Key Managerial Personnel

Pursuant to the Section 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The Key Managerial Personnel of the Company are:

- Shri Satyanarayan Nuwal – Chairman and Executive Director,
- Shri Kailashchandra Nuwal – Vice Chairman and Executive Director,
- Shri Manish Nuwal – Managing Director and Chief Executive Officer,
- Shri Anil Kumar Jain – Executive Director,
- Shri Roomie Dara Vakil – Executive Director,
- Shri Nilesh Panpaliya – Chief Financial Officer and
- Mrs. Khushboo Pasari – Company Secretary & Compliance Officer.

20. Board Evaluation

Pursuant to the provisions of Section 134(3)(p) of the Companies Act, 2013 and Regulation 17(10) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out an annual performance evaluation of its own performance, and individual directors as well as the evaluation of the working of its Board Committees. Performance evaluation of independent directors was done by the entire board, excluding the independent director being evaluated. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

21. Remuneration Policy

The Board has on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The Remuneration Policy is stated in the Corporate Governance Report.

22. Extract of Annual Return

The details forming part of the extract of the Annual Return in form MGT - 9 is annexed herewith as "Annexure A".

23. Particulars of Employees

The information required under Section 197 of the Act read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below:

a. The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the FY 2016-17:

Name of Executive Directors	Designation	Ratio to median remuneration
Shri Satyanarayan Nuwal	Chairman and Executive Director	145.95
Shri Kailashchandra Nuwal	Vice Chairman and Executive Director	145.95
Shri Manish Nuwal	Managing Director & CEO	145.95
Shri Anil Kumar Jain	Executive Director	15.45
Shri Roomie Dara Vakil	Executive Director	14.26

Note: Non-Executive Independent Directors were paid sitting fees for attending Board and Board Committee Meetings for the year 2016-17.

b. The percentage increase in remuneration of each Director, Chief Executive Officer (CEO), Chief Financial Officer (CFO), Company Secretary (CS) in the FY 2016-17 are as follows:

Name of Directors and KMP	Designation	% increase in remuneration in the financial year 2016-17
Shri Satyanarayan Nuwal	Chairman and Executive Director	20%
Shri Kailashchandra Nuwal	Vice Chairman and Executive Director	20%
Shri Manish Nuwal	Managing Director & CEO	20%
Shri Anil Kumar Jain	Executive Director	96.98%
Shri Roomie Dara Vakil	Executive Director	6.20%
Shri Nilesh Panpaliya	Chief Financial Officer	5.59%
Smt Khushboo Pasari	Company Secretary and Compliance Officer	16.30%

c. The percentage increase in the median remuneration of employees in the financial year: 8.19%

d. The number of permanent employees on the rolls of Company: 2038.

e. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

The average annual increase of employees other than Key Managerial Personnel was 13.79%. The average annual increase of Key Managerial Personnel was 20.50%. The increase in remuneration of employees other than the Key Managerial Personnel is considerably in line with the increase in remuneration of Key Managerial Personnel.

f. The key parameters for any variable component of remuneration availed by the directors:

The key parameters for the variable component of remuneration availed by the directors are considered by the Board of Directors based on the recommendations of the Nomination and Remuneration Committee as per the Remuneration Policy of the Company.

g. Affirmation that the remuneration is as per the remuneration policy of the Company:

It is affirmed that the remuneration paid to the Directors, key Managerial Personnel and Senior Management is as per the Nomination & Remuneration Policy of the Company.

h. Company has no such employee who is in receipt of remuneration as per Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

24. Related Party Transactions

All related party transactions that were entered into during the FY 2016-17 were on an arm's length basis and were in the

ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

All Related Party Transactions were placed before the Audit Committee and also the Board for approval. Prior omnibus approval of the Audit Committee is obtained on a quarterly basis for the transactions which are of a foreseen and repetitive nature. The transactions entered into pursuant

to the omnibus approval so granted are audited and a statement giving details of all related party transactions is placed before the Audit Committee and the Board of Directors for their approval on a quarterly basis. The Company has formulated a Related Party Transactions policy indicating the Standard Operating Procedures for purpose of identification and monitoring of such transactions.

The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website. None of the Directors has any pecuniary relationships or transactions vis-à-vis the Company.

None of the transactions with related parties falls under the scope of Section 188(1) of the Companies Act, 2013. Information on transactions with related parties pursuant to Section 134(3)(h) of the Act read with rule 8(2) of the Companies (Accounts) Rules, 2014 are given in "Annexure B" in form AOC-2 and the same forms part of the Directors Report.

25. Auditors

Statutory Auditors

M/s Gandhi Rathi & Co. Chartered Accountants Statutory Auditor of the Company hold office till the conclusion of 22nd Annual General Meeting of the Company.

The Board places on record, its appreciation for the contribution of M/s. Gandhi Rathi & Co., Chartered Accountants, during their tenure as the Statutory Auditors of the Company.

The Board of Directors has recommended the name of M/s SRBC & Co. LLP jointly with M/s Akshay Rathi & Associates, Chartered Accountants to be appointed as Statutory Auditors of the Company in their place for a term of five consecutive years, from the conclusion of the 22nd Annual General Meeting till the conclusion of 27th Annual General Meeting to be held in the year 2022 for approval of shareholders of the company based on the recommendation of Audit Committee.

The Company has received written consent(s) and certificate(s) of eligibility in accordance with Sections 139, 141 and other applicable provisions of the Companies Act, 2013 and Rules issued thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) from M/s. SRBC & Co. LLP and M/s. Akshay Rathi & Associates. Further, M/s. SRBC & Co. LLP and M/s. Akshay Rathi & Associates, Chartered Accountants, have confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India as required under the Listing Regulations.

Auditors' Report

The Report of Auditors of the Company M/s Gandhi Rathi & Co., Chartered Accountants on the Annual Accounts of Solar Industries India Limited Standalone and Consolidated with Subsidiary Companies forms part of this report. There were no adverse remarks or qualification on accounts of the Company from the Statutory Auditors.

The Notes on Financial Statements referred to in the Auditors' Report are self-explanatory and do not call for any further comments.

Cost Auditors

Pursuant to the provisions of Section 148 of the Companies Act, 2013 and The Companies (Cost Records and Audit) Amendment Rules, 2014, the Cost Audit of the Cost and related records of the Company for the year 2016-17 was undertaken by Shri Deepak Khanuja, Partner of M/s Khanuja Patra & Associates, Nagpur the Cost Auditor of the Company.

There were no adverse remarks or qualification on accounts of the Company from the Cost Auditors.

The Board of Directors of the Company has appointed Shri Deepak Khanuja, Partner of M/s Khanuja Patra & Associates, to conduct the Cost Audit as per Section 148 of the Companies Act, 2013 read with The Companies (Cost Records and Audit) Amendment Rules, 2014 for the FY 2017-2018.

Internal Auditor

Pursuant to the provisions of Section 139 of the Companies Act, 2013 and The Companies (Accounts) Rules, 2014, during the year under review the Internal Audit of the functions and activities of the Company was undertaken by the Internal Auditors of the Company on quarterly basis by M/s Ekbote Deshmukh & Co. and M/s D L & Associates the Internal Auditors of the Company.

There were no adverse remarks or qualification on accounts of the Company from the Internal Auditors.

The Board of Directors of the Company has appointed M/s Ekbote Deshmukh & Co. Chartered Accountants and M/s D L & Associates Chartered Accountants, to conduct the Internal Audit as per Rule 13 of the Companies (Accounts) Rules, 2014 prescribed under Section 138 of the Companies Act, 2013 for the FY 2017-2018.

Secretarial Auditors

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Secretarial Audit for the FY 2016-17 was undertaken by Shri Anant B. Khamankar, Practicing Company Secretary the Secretarial Auditor of the Company.

The Report of Auditors of the Company M/s Anant B Khamankar & Co., Company Secretaries on the Secretarial and related records of the Company is annexed herewith as "Annexure C".

There were no adverse remarks or qualification on accounts of the Company from the Secretarial Auditors.

The Board of Directors of the Company appointed Shri Anant B. Khamankar, practicing Company Secretary, to conduct the Secretarial Audit as per Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 prescribed under Section 204 of the Companies Act, 2013 for the FY 2017-2018.

None of the auditors of the Company have reported any fraud as specified under Section 143(12) of the Companies Act, 2013.

26. Corporate Social Responsibility

As part of its initiatives under "Corporate Social Responsibility" (CSR), the Company has undertaken various projects in the areas like:

- Rural Infrastructure Development
- Health Care Initiatives
- Ensuring environment sustainability
- Promoting Education
- Reducing inequalities faced by socially and economically backward groups.

The projects are largely in accordance with Schedule VII of the Companies Act, 2013.

The primary beneficiaries of CSR shall be the people in the areas within and around the Company's Plant Locations.

The Report on CSR activities is annexed herewith as "Annexure D".

27. Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3) (m) of the Companies Act, 2013 read with Rule, 8 of The Companies (Accounts) Rules, 2014, is annexed herewith as "Annexure E".

28. 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 29, 2017 has approved the Audited Consolidated Financial Statements for the FY 2016-17 and its subsidiaries in accordance with Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and applicable provisions of Companies Act, 2013 read with rules issued thereunder. The Consolidated Financial Statements of your Company for the FY 2016-17, are prepared in compliance with applicable Accounting Standards based on management's estimates, assumptions and judgments where applicable as well as Listing Regulations 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.

29. 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 regulation 34(2)(e) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

30. Business Responsibility Report

The SEBI Listing Regulations mandates the inclusion of the BRR as part of the Annual report for the top 500 listed entities based on market capitalisation. In compliance of Listing Regulations, we are pleased to present the first Business Responsibility Report into our Annual Report.

31. Director's Responsibility Statement

Pursuant to Section 134 (3) (c) of the Companies Act, 2013 the Board of Directors hereby confirms that:

- i. In the preparation of the annual accounts of the Company for the year ended March 31, 2017, the applicable Accounting Standards had been followed and there are no departures;
- ii. Accounting policies have been selected and applied consistently and judgments and estimates made that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year March 31, 2017 and of the profit of the Company for that year ended on that date;
- 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, 2017 have been prepared on a going concern basis.
- v. Internal Financial controls were in place and that the financial controls were adequate and were operating effectively.
- vi. Systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

32. CEO/CFO Certification

As required Regulation 17(8) read with Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the CEO/CFO certification is attached with the annual report.

33. Appreciation & Acknowledgement

Your Directors would place on record their sincere appreciation to customers, business associates, government agencies & shareholders for their continued support.

Your directors are also happy to place on record their sincere appreciation to the co-operation, commitments & contribution extended by all the employees of the Solar Family & look forward to enjoying their continued support & co-operation.

For and on behalf of the Board

Place : Nagpur
Date : May 29, 2017

(Satyanarayan Nuwal)
Chairman

ANNEXURE 'A'

Extract of Annual Return
For the financial year ended 31.03.2017
[Pursuant to Section 92(3) of the Companies Act, 2013, and Rule 12(1) of the
Companies (Management and Administration) Rules, 2014]
FORM NO. MGT – 9

1. Registration and other details

Sr. No.	CIN	L74999MH1995PLC085878
1.	Registration Date	24 th February, 1995
2.	Name of the Company	Solar Industries India Limited
3.	Category / Sub-Category of the Company	Public company Company having Share Capital
4.	Address of the Registered Office and contact details	11, Zade Layout, Bharat Nagar, Nagpur- 440033 (M.H.) Ph No.: 0712-2561000, Fax No. 0712-2560202 email id: investor.relations@solargroup.com Website: www.solargroup.com
5.	Whether listed company	Yes
6.	Name, address and contact details of Registrar and Transfer Agent, if any	M/s Link Intime India Pvt Ltd. C-101, 247 Park LBS Marg, Vikhroli (West) Mumbai – 400083 Tel No. – 022-49186000

2. Principal Business Activities of the Company

All the Business Activities contributing 10% or more of the total turnover of the Company shall be stated:

Sr. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1.	Manufacturing of Industrial Explosives and Initiating Systems	20292	100%

3. Particulars of Holding, Subsidiary and Associate Companies

Sr. No.	Name & Address of the Companies	CIN/GNL	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
1.	Economic Explosives Limited 11, Zade Layout, Bharat Nagar, Nagpur - 440033.	U24292MH1995PLC091808	Subsidiary	100%	2(87)
2.	Solar Mines & Minerals Limited 11, Zade Layout, Bharat Nagar, Nagpur - 440033.	U14101MH2006PLC165472	Subsidiary	100%	2(87)
3.	Solar Mining Resources Limited 11, Zade Layout, Bharat Nagar, Nagpur - 440033.	U14101MH2006PLC165471	Subsidiary	100%	2(87)
4.	Solar Defence Limited 11, Zade Layout, Bharat Nagar, Nagpur - 440033.	U29220MH2016PLC274147	Subsidiary	100%	2(87)
5.	Solar Defence Systems Limited 11, Zade Layout, Bharat Nagar, Nagpur - 440033.	U29253MH2016PLC274677	Subsidiary	100%	2(87)
6.	Emul Tek Private Limited 11, Zade Layout, Bharat Nagar, Nagpur - 440033.	U24292MH2000PTC274027	Subsidiary	100%	2(87)
7.	Blastec (India) Private Limited 11, Zade Layout, Bharat Nagar, Nagpur - 440033.	U74999MH2000PTC274886	Subsidiary	100%	2(87)
8.	Solar Overseas Mauritius Limited Suite G12, St.James Court, St. Denis Street, PORTLOUIS	C090063	Subsidiary	100%	2(87)
9.	SMS Bhatgaon Mines Extension Private Limited 267, Fadnavis Bhawan, Near Trangular Park, Dharampeth, Nagpur - 440010	U13209MH2008PTC186729	Associate	49%	2(6)
10.	Solar Bhatgaon Extension Mines Private Limited 11, Zade Layout, Bharat Nagar, Nagpur - 440033.	U13200MH2008PTC186685	Associate	49%	2(6)

4. Shareholding Pattern (Equity Share Capital Breakup as Percentage of Total Equity)

i) Category wise shareholding

Category of Shareholders	No. of Shares held at the beginning of the year*				No. of Shares held at the end of the year**				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Share	
A. Promoters									
(1) Indian									
a. Individuals/Hindu Undivided Family	13208207	-	13208207	72.98	66191271	-	66191271	73.15	0.17
b. Central Government/State Government(s)	0	-	0	0.00	0	-	0	0.00	0.00
c. Bodies Corporate	0	-	0	0.00	0	-	0	0.00	0.00
d. Financial Institutions / Banks	0	-	0	0.00	0	-	0	0.00	0.00
e. Any Other (specify)	0	-	0	0.00	0	-	0	0.00	0.00
Sub Total (A)(1)	13208207	-	13208207	72.98	66191271	-	66191271	73.15	0.17
(2) Foreign									
a. Individuals (Non-Resident Individuals/Foreign Individuals)	0	-	0	0.00	0	-	0	0.00	0.00
b. Bodies Corporate	0	-	0	0.00	0	-	0	0.00	0.00
c. Institutions	0	-	0	0.00	0	-	0	0.00	0.00
d. Qualified Foreign Investors	0	-	0	0.00	0	-	0	0.00	0.00
e. Any Other (specify)	0	-	0	0.00	0	-	0	0.00	0.00
Sub Total (A)(2)	0	-	0	0.00	0	-	0	0.00	0.00
Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)	13208207	-	13208207	72.98	66191271	-	66191271	73.15	0.17
B. Public shareholding									
1. Institutions									
a. Mutual Funds/UTI	3298463	-	3298463	18.23	16558918	-	16558918	18.30	0.07
b. Financial Institutions / Banks	378	-	378	0.00	4346	-	4346	0.005	0.005
c. Central Government/State Government(s)	0	-	0	0.00	0	-	0	0.00	0.00
d. Venture Capital Funds	0	-	0	0.00	0	-	0	0.00	0.00
e. Insurance Companies	482419	-	482419	2.67	2366483	-	2366483	2.62	(0.05)
f. Foreign Institute Investors	189139	-	189139	1.05	140369	-	140369	0.15	(0.9)
g. Foreign Portfolio Investors	203529	-	203529	1.12	1103565	-	1103565	1.225	(0.1)
h. Foreign Venture Capital Investors	0	-	0	0.00	0	-	0	0.00	0.00
i. Qualified Foreign Investors	0	-	0	0.00	0	-	0	0.00	0.00
j. Any Other (specify)	0	-	0	0.00	0	-	0	0.00	0.00
Sub Total (B) (1)	4173928	-	4173928	23.07	20173681	-	20173681	22.299	0.78

4. Shareholding Pattern (Equity Share Capital Breakup as Percentage of Total Equity) (Contd...)

i) Category wise shareholding

Category of Shareholders	No. of Shares held at the beginning of the year*				No. of Shares held at the end of the year**				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Share	
2. Non-institutions									
a. Bodies Corporate	76277	-	76277	0.42	571961	-	571961	0.63	0.21
b.(i) Individuals - shareholders holding nominal share capital up to ₹2 Lakh	568227	11	568238	3.14	3113043	55	3113098	3.44	0.3
(ii) Individual shareholders holding nominal share capital in excess of ₹2 Lakhs	0	-	0	0.00	0	-	0	0.00	0.00
c. Qualified Foreign Investors	0	-	0	0.00	0	-	0	0.00	0.00
d. Any Other									
i. Non Resident Indians (Repat)	6600	-	6600	0.04	36941	-	36941	0.04	0.00
ii. Non Resident Indians (Non Repat)	8875	-	8875	0.05	66157	-	66157	0.07	0.02
iii. Clearing Member	2886	-	2886	0.02	63093	-	63093	0.07	0.05
iv. Directors	0	-	0	0.00	0	-	0	0	0
v. Trusts	-	-	-	-	-	-	-	-	-
vi. HUF	53000	-	53000	0.29	273853	-	273853	0.3	0.01
Sub Total (B)(2)	715865	-	715865	3.96	4125048	55	4125103	4.55	(0.62)
Total Public Shareholding Public Group (B)=(B)(1)+(B)(2)	4889793	11	4889804	27.03	24298729		24298784	26.85	(0.18)
Total (A)+(B)	18098000	11	18098011	100.00	90490000	55	90490055	100.00	0.00
Shares held by custodians and against which Depository Receipts have been issued									
Promoter and Promoter group	0	-	0	0.00	0	-	0	0.00	0.00
Public	0	-	0	0.00	0	-	0	0.00	0.00
Sub Total (C)	0	-	0	0.00	0	-	0	0.00	0.00
Grand Total (A)+(B)+(C)	18098000	11	18098011	100.0	90490000	55	90490055	100.00	0.00

Note: With effect from July 15, 2016, face value of Company's Equity Shares has been subdivided from ₹10 per equity share to ₹2 per equity share

*Equity Shares of face value of ₹10/- each.

**Equity Shares of face value of ₹2/- each.

4. Shareholding Pattern (Equity Share Capital Breakup as Percentage of Total Equity) (Contd...)

ii) Shareholding of Promoters

Sr. No.	Name of the shareholder	Shareholding at the beginning of the year*			Shareholding at the end of the year **			% change in shareholding during the year
		No. of Shares	% of total shares of the Company	% of Shares Pledge / encumbered to total shares	No. of Shares	% of total shares of the Company	% of Shares Pledge / encumbered to total shares	
i.	Satyanarayan Nandlal Nuwal	4068739	22.48	0.00	20343695	22.48	0.00	0.00
ii.	Kailashchandra Nandlalji Nuwal	3547819	19.60	0.00	17739095	19.60	0.00	0.00
iii.	Indira Kailashchandra Nuwal	1113646	6.15	0.00	5568230	6.15	0.00	0.00
iv.	Leeladevi Satyanarayan Nuwal	1015188	5.61	0.00	5075940	5.61	0.00	0.00
v.	Sohandevi Nandlal Nuwal	929938	5.14	0.00	4649690	5.14	0.00	0.00
vi.	Manish Satyanarayan Nuwal	862813	4.77	0.00	4464301	4.94	0.00	0.17
vii.	Kailashchandra Nuwal Huf Nuwal	501125	2.77	0.00	2505625	2.77	0.00	0.00
viii.	Satyanarayan Nuwal HUF Nuwal	493938	2.73	0.00	2469690	2.73	0.00	0.00
ix.	Nandlalji Bodulalji Nuwal HUF Nuwal	421250	2.33	0.00	2106250	2.33	0.00	0.00
x.	Seema Manish Nuwal	248688	1.37	0.00	1243440	1.37	0.00	0.00
xi.	Rahul Kailashchandra Nuwal	5063	0.03	0.00	25315	0.03	0.00	0.00
	Total	13208207	72.98	0.00	66191271	73.15	0.00	0.17

Note: With effect from July 15, 2016, face value of Company's Equity Shares has been subdivided from ₹10 per equity share to ₹2 per equity share

*Equity Shares of face value of ₹10/- each.

**Equity Shares of face value of ₹2/- each.

(iii) Change in Promoters' Shareholding

Name of Shareholder`s	Shareholding at the beginning of the year*		Cumulative Shareholding during the year**	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
Shri Manish Nuwal				
At the beginning of the year	8,62,813	4.77	-	-
Purchase during the year	150236	0.17	-	-
At the End of the year	-	--	44,64,301	4.94

Note: With effect from July 15, 2016, face value of Company's Equity Shares has been subdivided from ₹10 per equity share to ₹2 per equity share

*Equity Shares of face value of ₹10/- each.

**Equity Shares of face value of ₹2/- each.

4. Shareholding Pattern (Equity Share Capital Breakup as Percentage of Total Equity) (Contd...)

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Name of the Shareholders#	Shareholding at the beginning of the year*		Shareholding at the end of the year**	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	SBI Emerging Businesses Fund	1083131	5.9848	5566888	6.15
2.	Hdfc Trustee Company Ltd - A/C Hdfc Mid - Capopportunities Fund	1276973	7.0559	4359748	4.82
3.	ICICI Prudential Life Insurance Company Ltd	482419	2.6656	2366483	2.62
4.	Kotak Select Focus Fund	271046	1.4977	1810269	2.00
5.	DSP Blackrock Micro Cap Fund	258329	1.4274	1562700	1.73
6.	Icici Prudential Long Term Equity Fund Tax Savings	0	0.00	1133320	1.25
7.	Kotak Mahindra (Uk) A/C India Midcap (Mauritius) Ltd.	159698	0.8824	726431	0.80
8.	Tata Balanced Fund	195100	1.0780	725000	0.80
9.	Birla Sun Life Trustee Company Private Limited A/C Birla Sun Life Midcap Fund	144309	0.7974	610045	0.67
10.	Canara Robeco Mutual Fund A/C Canara Robeco Emerging Equities	120972	0.6684	446030	0.49

#Note 1: The shares of the Company are traded on daily basis and hence the date wise increase/ decrease in the shareholding is not indicated. Shareholding is consolidated based on PAN of the shareholder.

Note 2: With effect from July 15, 2016, face value of Company's Equity Shares has been subdivided from ₹10 per equity share to ₹2 per equity share

*Equity Shares of face value of ₹10/- each.

**Equity Shares of face value of ₹2/- each.

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Name of Directors & Key Managerial Personnel	Shareholding at the beginning of the year*		Cumulative Shareholding during the year**	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Shri Satyanarayan Nuwal	4068739	22.48	20343695	22.48
2.	Shri Kailashchandra Nuwal	3547819	19.61	17739095	19.61
3.	Shri Manish Nuwal				
	At the beginning of the year	862813	4.77		
	Purchase during the year	150236	0.16		
	At the End of the year	-	-	4464301	4.93
4.	Shri Anil Kumar Jain	0	0.00	0	0.00
5.	Shri Roomie Dara Vakil	100	0.00	500	0.00
6.	Shri Nilesh Panpaliya				
	At the beginning of the year	3998	0.02		
	Purchase during the year	2206	0.02		
	At the End of the year	-	-	22196	0.02
7.	Mrs. Khushboo Pasari	542	0.00	2710	0.00

Note: With effect from July 15, 2016, face value of Company's Equity Shares has been subdivided from ₹10 per equity share to ₹2 per equity share

*Equity Shares of face value of ₹10/- each.

**Equity Shares of face value of ₹2/- each.

5. Indebtedness

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ in crores)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the Financial Year as on April 01, 2016				
i. Principal Amount	135.39	40.43	-	175.82
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not	0.50	0.10	-	0.60
Total (i+ii+iii)	135.89	40.53	-	176.42
Change in Indebtedness during the financial year				
i. Addition	46.87	25.62	-	72.49
ii. Reduction	-	-	-	-
Net Change	46.87	25.62	-	72.49
Indebtedness at the end of the financial year as on March 31, 2017				
i. Principal Amount	181.94	66.15	-	248.09
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	0.82	-	-	0.82
Total (i+ii+iii)	182.76	66.15	-	248.91

6. Remuneration of Directors and Key Managerial Personnel

A. Remuneration to Executive Directors:

(₹ in crores)

Sr. No.	Particulars of Remuneration	Shri Satyanarayan Nuwal	Shri Kailash chandra Nuwal	Shri Manish Nuwal	Shri Roomie Dara Vakil	Shri Anil Kumar Jain	Total amount
1	Gross salary						
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1.20	1.20	1.20	0.26	0.29	4.15
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil	Nil	Nil	Nil	Nil	Nil
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil	Nil	Nil	Nil	Nil
2	Stock Option	Nil	Nil	Nil	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil	Nil	Nil	Nil
4	Commission						
	- as % of profit	1.50	1.50	1.50	Nil	Nil	4.50
	- others, specify...	Nil	Nil	Nil	Nil	Nil	Nil
5	Others, please specify	Nil	Nil	Nil	Nil	Nil	Nil
	Total (A)	2.70	2.70	2.70	0.26	0.29	8.65
	Ceiling as per the Act	34.83 crores (Being 11% of the Net Profit as per Section 198 of Companies Act, 2013)					

Remuneration paid to Executive Directors is within the ceiling provided under section 197 of Companies Act, 2013.

6. Remuneration of Directors and Key Managerial Personnel (Contd...)

B. Remuneration to Non- Executive Independent Directors:

(Amount in ₹)

Sr. No.	Particulars of Remuneration	Shri Anant Sagar Awashti	Shri Dilip Patel	Shri Amrendra Verma	Shri Ajai Nigam	Mrs. Madhu Vij	Total amount
1.	Fee for attending board / committee meetings	2,15,000	2,55,000	1,50,000	1,60,000	1,00,000	8,80,000
2.	Commission	Nil	Nil	Nil	Nil	Nil	Nil
3.	Others, Please specify	Nil	Nil	Nil	Nil	Nil	Nil
	Total (B)	2,15,000	2,55,000	1,50,000	1,60,000	1,00,000	8,80,000

C. Remuneration To Key Managerial Personnel Other than Executive Directors:

(& in crores)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		Total amount
		Shri Nilesh Panpaliya	Mrs. Khushboo Pasari	
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	0.28	0.08	0.36
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.00	0.00	0.00
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil	Nil
2.	Stock Option	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil
4.	Commission	Nil	Nil	Nil
	- as % of profit	Nil	Nil	Nil
	- others, specify...	Nil	Nil	Nil
5.	Others, please specify	0.00	0.00	0.00
	Total (C)	0.28	0.08	0.36

7. Penalties / Punishment/ Compounding of Offences

There were no penalties, punishment or compounding of offences during the year ended on March 31, 2017.

ANNEXURE 'B'

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts / arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto:

1. Details of contracts or arrangements or transactions not at arm's length basis:

Solar Industries India Limited (the Company) has not entered into any contract/arrangement/transaction with its related parties which are not in ordinary course of business or at arm's length during FY 2016-17. The Company has laid down policies and processes/procedures so as to ensure compliance to the subject section in the Companies Act, 2013 ("Act") and the corresponding Rules. In addition, the process goes through internal and external checking, followed by quarterly reporting to the Audit Committee.

- a. Name(s) of the related party and nature of relationship: Not Applicable
- b. Nature of contracts/arrangements/transactions: Not Applicable
- c. Duration of the contracts / arrangements/transactions: Not Applicable
- d. Salient terms of the contracts or arrangements or transactions including the value, if any: Not Applicable
- e. Justification for entering into such contracts or arrangements or transactions: Not Applicable
- f. Date(s) of approval by the Board: Not Applicable
- g. Amount paid as advances, if any: Not Applicable
- h. Date on which the special resolution was passed in general meeting as required under first proviso to section 188: Not Applicable

2. Details of material contracts or arrangement or transactions at arm's length basis:

- a. Name(s) of the related party and nature of relationship: Not Applicable
- b. Nature of contracts / arrangements / transactions: Not Applicable
- c. Duration of the contracts / arrangements / transactions: Not Applicable
- d. Salient terms of the contracts or arrangements or transactions including the value, if any: Not Applicable
- e. Date(s) of approval by the Board, if any: Not Applicable
- f. Amount paid as advances, if any: None

Note: The above disclosures on material transactions are based on the principle that transactions with wholly owned subsidiaries are exempt under section 188(1) of the Act & Regulation 23(S) of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015

For and on behalf of the Board

Place : Nagpur
Date : May 29, 2017

(Satyanarayan Nuwal)
Chairman

ANNEXURE 'C'

Form No. MR-3

Secretarial Audit Report

For the financial year ended March 31, 2017.

(Pursuant to Section 204(1) of The Companies Act, 2013 & Rule 9 of The Companies Appointment and Remuneration of Managerial Personnel Rules, 2014)

To,
The Members,
Solar Industries India Limited

11, Zade Layout, Bharat Nagar
Nagpur – 440 003
Maharashtra, India

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s. Solar Industries India Limited** (hereinafter called "the company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of **M/s. Solar Industries India Limited's** books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of the Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s. Solar Industries India Limited for the financial year ended on March 31, 2017 according to the provisions of:

The Companies Act, 2013 (the Act) and the rules made thereunder;

The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

- a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
- c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; and
- j) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

Other Applicable Laws:

- i. The Indian Boilers Act, 1923
- ii. The Standards of Weights and Measures (Enforcement) Act, 1985
- iii. The Explosives Act, 1884
- iv. The Environment (Protection) Act, 1986
- v. The Air (Prevention and Control of Pollution) Act, 1981
- vi. The Legal Metrology Act, 1999
- vii. The Public Liability Insurance Act, 1991

We have also examined compliance with the applicable clauses of the following:

- i. Secretarial Standards issued by The Institute of Company Secretaries of India.

- ii. The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations).

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There was no change in the composition of the Board of Directors during the period under review.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure

compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period:

1. The Company has Sub divided its Equity Shares from 1 (One) share of face value of ₹10/- (Ten only) per share into 5 (Five) Equity of ₹2/- (Two only) per share.

Place: Mumbai
Date : May 19, 2017

For Anant B Khamankar & Co.

Anant Khamankar
FCS No. – 3198
CP No. – 1860

ANNEXURE 'D'

REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

(Pursuant to Section 135 of The Companies Act, 2013)

Our Broad Objectives as stated in our CSR Policy include:

Solar's investment in CSR is based on the vision to actively contribute to the social and economic development of the communities in which we operate.

The focus areas under which Company undertook its CSR activities are:

1. Rural Development
2. Health
3. Environment
4. Education
5. Reducing inequalities faced by tribals

1. CSR Policy:

A detailed CSR policy was framed by the Company with approvals of the CSR Committee and Board taken on May 26, 2014. The CSR policy is placed on the website of the Company at the below mentioned link;

<https://www.solargroup.com/Uploads/Files/Investors/policies/CSRP.pdf>

2. Composition of the CSR Committee:

Please refer to the Report on Corporate Governance for the composition of CSR Committee of the Board of Directors of the Company.

3. Average net profit of the Company for last three financial years:

Average net profit: ₹137.17 Crores

4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above):

The Company is required to spend ₹2.74 Crores towards CSR.

5. Details of CSR spend for the financial year:

- a. Total amount spent for the financial year: ₹2.83 Crores
- b. Amount unspent, if any: Nil

c. Manner in which the amount spent during the financial year is detailed below;

							(₹ in crores)	
Sr. No.	Projects/ Activities	Sector	Location	Amount Outlay (Budget) Project or Programs wise	Amount spent on the project or programs	Cumulative expenditure upto reporting period	Amount spent: Direct	
1.	Development in Rural areas by: 1. Providing bus to Dr. Hedgewar Janamshatapdi Sewa Samiti, for better and easy transportation of villagers and people living in naxallite community 2. Making available safe drinking water for community	Rural Development	Gadchiroli, Chandrapur	0.27	0.30	0.30	Direct	
			Gram Panchayat, Uthalpeth Forest Department, Kalmeshwar	0.01	0.01	0.01	Direct	
2.	Promoting Health care programs by arranging Health Checkup Camps, Eye Checkup Camps and distribution of free medicines to villagers	Health	Bazargaon, Ringnabodi and at various other plant locations of the Company.	0.00	0.00	0.00	Direct	

(₹ in crores)

Sr. No.	Projects/ Activities	Sector	Location	Amount Outlay (Budget) Project or Programs wise	Amount spent on the project or programs	Cumulative expenditure upto reporting period	Amount spent: Direct
3.	Ensuring Environment Sustainability through plantation of saplings.	Environment	Vanrai Foundation, Nagpur Government Plantation Program.	0.21	0.27	0.27	Direct
4.	Promoting Education by: 1. Contribution for setting up of primary residential school for unprivileged girls. 2. Arranging bus facility for the students of Government Medical College for their transportation & field visits. 3. Setup of Training & Development Center. 4. Renovation of classrooms & making IT enabled, providing sports equipments. 5. Paving of Playground for students at Kondhali School.	Education	Patna Chandrapur and Nearby District Vedmata Gayatri Trust, Haridwar Bazargaon, Ringnabodi Kondhali	0.10 0.18 1.5 0.05 0.40	0.10 0.18 1.5 0.05 0.40	0.10 0.18 1.5 0.05 0.40	Through Implementing Agency – Nai Dharti, Patna Direct Direct Direct Direct
5.	Reducing inequalities faced by tribals. Amount Contributed to Tribal People.	Overall Development of tribal people.	Friends of Tribal Society, Nagpur	0.02	0.02	0.02	Direct
Total Amount Spent for the Financial Year 2016-17				2.74	2.83	2.83	

Our CSR Responsibility statement:-

We hereby affirm that implementation and monitoring of the CSR policy are in compliance with the CSR objectives and policy of the Company.

For and on behalf of the Board

(Satyanarayan Nuwal)

Chairman
Corporate Social Responsibility Committee

Place: Nagpur
Date : May 29, 2017

ANNEXURE 'E'

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

Information as required under Section 134(3) (m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014.

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 has started giving good results. Construction of benches, trenches, open reservoirs and check dams in the large open land areas in the plant will result in considerable increase in the water table in and around the plant area, thus ensuring year-round water availability for our plant operation & plantation. Moreover, availability of rain waters-a soft water-in the open ponds, saves on water softening and pumping energy cost.

The effluents are treated in the Effluent Treatment Plants and the treated water is used for gardening and used in the process wherever possible. We have almost achieved zero discharge level.

The Company gets energy audit conducted internally and experts regularly take corrective actions.

The steps have resulted not only in saving the energy and conserving natural resources but also in reducing our running costs of the operations.

The Company has spent ₹4.75 crores as capital investment on energy conservation equipment during the FY 2016-17.

B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

- **Efforts in Brief :** The Company has full-fledged Research & Development 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 successful development of 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 sources. 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. We are open for buying technologies from abroad leading technological players.
- **Benefits:** Product quality improvement, reduction production losses, production flexibility and improved safety.

Research and Development (R&D)

a. Specific area in which R&D carried out by the company

- Our R & D activities run parallel to the activities in our principal areas of operation.
- Electronic Detonators.
- Products for Defence application.
- Bulk Explosives for tunneling operations.
- Safety enhancements in Processes and Products, Quality improvements in packaged Explosives and Accessories.
- Improving packaging standards, enhancing shelf life of packaged Explosives and Accessories.
- Process efficiency in Packaged, Bulk Explosives and Accessories.

- Development of alternate primary charge for Detonators

b. Benefits derived as results of above:

- Improved safety compliance and enhanced environment protection.
- Modification of existing process for some of the products and savings in cost of production.
- R & D has benefited in improving the quality of Packaged, Bulk Explosives and delay timings of detonators.
- Introduced products for defence application.
- Developed shock tube with high tensile strength and reduction in cost.
- P3 formulation have been developed and approved by CMIFR P5 under development.
- Safe primary explosives composition developed which has result in improving the operational safety.

c. Future plan of action:

- Introducing new products for different application in Defence Sector.
- Developing various composition based on HMX and RDX.
- Development of variety of propellants.
- Tracking and traceability of Finished Goods in collaboration with PESO.
- Develop substitute Eco-friendly chemicals to eliminate hazardous chemicals in the processes.
- Development of New formulation of permitted P5 explosive.
- Improving Quality and Shop-floor safety of Packaged Explosives and Detonators.
- Development of reliable & Eco-friendly delay composition

d. Expenditure on R&D:

(₹ in crores)

Sr. No.	Particulars	2016 - 2017	2015 - 16
1.	Capital	1.43	0.62
2.	Recurring	2.89	2.39
3.	Total	4.32	3.01
4.	R&D Expenditure percentage of Turnover	0.35%	0.27%

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

(₹ in crores)

Sr. No.	Particulars	2016 - 17	2015 - 16
a.	Earnings in Foreign Exchange		
	Export of goods calculated on FOB basis (CIF basis value)	100.96 121.37	78.18 89.86
b.	Remittances in Foreign Exchange:		
	On account of Raw Material & Capital Goods	78.99	87.69
	On account of Bank Interest	6.85	6.12
	On account of Sales Commission	1.07	0.39
	On account of Ocean Freight	Nil	Nil
	On account of Sales Promotion	1.49	0.93
	On account of Other Expenses	2.89	1.97

For and on behalf of the Board

Place: Nagpur
Date : May 29, 2017**(Satyanarayan Nuwal)**
Chairman

Report on Corporate Governance

1. Corporate Governance

1.1 Introduction

A Report on compliance with the principles of Corporate Governance as prescribed by The Securities and Exchange Board of India (SEBI) in terms of Regulation 34 read with Chapter IV and Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is given below:

1.2 Company's Philosophy on Corporate Governance

SOLARS' philosophy of Corporate Governance is founded on the pillars of fairness, accountability, disclosures and transparency. These pillars have been strongly cemented which is reflected in your Company's business practices and work culture. The sound governance processes and systems guide the Company on its journey towards continued success. The practice of responsible governance has enabled your Company to achieve sustainable growth, while meeting the aspirations of its stakeholder's and societal expectations.

Your Company is committed to sound principles of Corporate Governance with respect to all of its procedures, policies and practices. The governance processes

and systems are continuously reviewed to ensure highest ethical and responsible standards being practiced by your Company. Comprehensive disclosures, structured accountability in exercise of powers, adhering to best practices and commitment to compliance with regulations and statutes in letter as well as spirit have enabled your Company to enhance shareholder value. In fact, this has become an integral part of the way the business is done.

SOLAR recognises that good Corporate Governance is a continuous exercise and reiterates its commitment to pursue highest standards of Corporate Governance in the overall interest of all its stakeholders for effective implementation of the Corporate Governance practices.

SOLAR has a well-defined policy framework inter-alia consisting of the following

- Code of Conduct for Directors and Senior Management Personnel
- Code of fair disclosures of unpublished price sensitive information

- Remuneration Policy for Directors, KMP and other Employees
- Integrity Pact to enhance transparency in business
- Whistle Blower Policy
- Conduct, Discipline and Appeal Rules for employees
- Corporate Social Responsibility Policy
- Human Resources Initiatives
- Policy on Related Party Transactions
- Policy on Disclosure of Material Events
- Policy on Preservation of Documents

For effective, efficient, transparent and ethical functioning, SOLAR has four layers of Corporate Governance

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

2. First Layer Governance by Board of Directors

2.1 Composition

The Company has total 10 Directors of which 5 are Executive Directors and 5 are Non-Executive Independent Directors including a woman director. The composition of the Board is in conformity with Regulation 17(1) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Table 1: The composition of Board of Directors as on March 31, 2017 is as follows:

Particular	Category	No. of Directors
Executive Chairman	Promoter	1
Executive Vice- Chairman	Promoter	1
Managing Director & CEO	Promoter	1
Executive Directors	Non-Promoter	2
Non-Executive Independent Directors	-	5
Total		10

2.2 Selection of New Directors

The Nomination & Remuneration Committee have approved a Policy for the Selection, Appointment and Remuneration of Directors. In line with the said Policy, the Committee facilitate the Board in identification and selection of the Directors who shall be of high integrity with relevant expertise and experience so as to have well diverse Board.

Declarations

Every Independent Director, at the first meeting of the Board in which he participates as a Director and thereafter at the first meeting of the Board in every financial year, gives a declaration that he meets the criteria of independence and submits the declaration regarding the status of holding other directorship and membership as provided under law.

Disclosures

None of the Independent Directors of the Company serve as an Independent Director in more than seven listed companies and where any Independent Director is serving as whole-time director in any listed company, such director is not serving as Independent Director in more than three listed companies.

2.3 Board Procedures

Meetings

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

The notice of Board Meeting is given well in advance to all the Directors. Usually, meetings of the Board are held in Nagpur at

the registered office of the Company. The Agenda and Pre-reads are circulated well in advance before each meeting to all the Directors for facilitating effective discussion and decision making. Considerable time is spent by the Directors on discussion and deliberations at the Board Meetings.

Recording minutes of proceedings at Board and Committee Meetings

The Company Secretary record minutes of proceedings of each Board and Committee meeting. Draft minutes are circulated to Board/Committee members for their comments. The minutes are entered in the minutes book within 30 days from the conclusion of the meeting.

Post meeting follow-up mechanism

The guidelines for Board and Committee meetings facilitate an effective post meeting follow-up, review and reporting process for decision taken by the Board and Committees thereof.

Important decisions taken at Board/Committee meetings are communicated promptly to the concerned departments/divisions. Action taken report on decision/minutes of the previous meetings is placed at the succeeding meeting of the Board/Committees for noting.

Compliance

The Company Secretary, while preparing the agenda, notes to agenda and minutes of the meetings, is responsible for and is required to ensure adherence to all applicable laws and regulations, including the Companies Act, 2013 read with rules issued thereunder, as applicable and Secretarial Standard-1 and Secretarial Standard-2 issued by the Institute of Company Secretaries of India.

Meetings during the year

During the FY 2016-17, the Board of Directors met five times i.e. May 16, 2016, July 01, 2016, September 07, 2016, November 23, 2016 and February 14, 2017. The gap between any two meetings has been less than four months.

2.4 Independent Directors

Separate Meetings of Independent Directors

As stipulated by the Code of Independent Directors under the Companies Act, 2013 and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate meeting of the Independent Directors of the Company was held to;

- i. Review the performance of non-independent directors and the Board as a whole;
- ii. Review the performance of the Chairperson of the company, taking into account the views of executive directors and Non-executive Directors
- iii. Assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

Terms and conditions of Appointment

As required under Regulation 46(2)(b) of the Listing Regulations, the Company has issued formal letters of appointment to the Independent Directors. The terms & conditions of their appointment are posted on the Company's website and can be accessed at www.solargroup.com

Familiarisation Program of Independent Directors

The details of the familiarisation programme of the Independent Directors are available on the website of the Company at the link: <https://www.solargroup.com/Uploads/Files/Investors/policies/FPID.pdf>

Attendance record of Directors

Table: 2 Composition of the Board and attendance records of Directors as on March 31, 2017

Sr. No	Name of the Director	Category	Attendance at	
			Board Meeting	Last AGM
1.	Shri Satyanarayan Nuwal DIN: 00713547	Chairman and Executive Director	4/5	Yes
2.	Shri Kailashchandra Nuwal DIN: 00374378	Vice-Chairman and Executive Director	4/5	Yes
3.	Shri Manish Nuwal DIN: 00164388	Managing Director and CEO	5/5	Yes
4.	Shri Roomie Dara Vakil DIN: 00180806	Executive Director	5/5	Yes
5.	Shri Anil Kumar Jain DIN: 03532932	Executive Director	5/5	Yes
6.	Shri Anant Sagar Awasthi DIN: 00228429	Non-Executive Independent Director	5/5	No
7.	Shri Dilip Patel DIN: 00013150	Non-Executive Independent Director	5/5	Yes
8.	Shri Ajai Nigam DIN: 02820173	Non-Executive Independent Director	4/5	Yes
9.	Shri Amrendra Verma DIN: 00236108	Non-Executive Independent Director	3/5	No
10.	Smt. Madhu Vij DIN: 00025006	Non-Executive Independent Director	2/5	Yes

2.5 Information provided to all the members of Board of Directors

The Board of Directors of the company 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 Regulation 17(7) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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 and its operating divisions.
- Minutes of meetings of audit committee and other committees of the board of directors.
- Minutes of Board meetings of unlisted subsidiary companies
- Board remuneration policy and individual remuneration packages of Directors.
- Information on recruitment and remuneration of senior including appointment or removal of Chief Financial Officer and the Company Secretary.
- 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 and 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.

- Review of related party transactions
 - Declaration of Independent Directors at the time of appointment/annually
 - Disclosure of Directors' interest and their shareholding
 - Appointment or removal of the Key Managerial Personnel (KMP) and officer one level below KMP.
 - Appointment of Secretarial Auditors.
 - Compliance Certificate certifying compliance with all laws as applicable to the Company.
 - Reconciliation of Share Capital Audit Report under SEBI (Depositories and Participants) Regulations, 1996
 - Compliances of any regulatory, statutory or listing requirements.
- The Board of Directors of the Company is presented with all information under the above heads, whenever applicable. These are submitted either as part of the agenda papers well in advance of the Board Meeting or are tabled in the course of the Board meeting.

Directorships and Memberships of Board Committees

Table 3: Directorships/ committee positions as on March 31, 2017

Sr. No	Name of Directors	Category	Number of Directorships (including SILL)	Chairmanship in committees of Board (including SILL)	Membership in committees of Board (including SILL)
1.	Shri Satyanarayan Nuwal DIN: 00713547	Chairman and Executive Director	07	-	-
2.	Shri Kailashchandra Nuwal DIN: 00374378	Vice-Chairman and Executive Director	08	-	01
3.	Shri Manish Nuwal DIN: 00164388	Managing Director and CEO	07	-	02
4.	Shri Roomie Dara Vakil DIN: 00180806	Executive Director	01	-	01
5.	Shri Anil Kumar Jain DIN: 03532932	Executive Director	04	-	-
6.	Shri Anant Sagar Awasthi DIN: 00228429	Non-Executive Independent Director	02	02	-
7.	Shri Dilip Patel DIN : 00013150	Non-Executive Independent Director	06	05	02
8.	Shri Ajai Nigam DIN: 02820173	Non-Executive Independent Director	01	-	-
9.	Shri Amrendra Verma DIN: 00236108	Non-Executive Independent Director	07	-	02
10.	Smt. Madhu Vij DIN: 00025006	Non-Executive Independent Director	05	-	02

Notes:

- Directorship does not include Private Companies which are not subsidiaries to Public Companies, Section 8 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/ she was a director as on March 31, 2017 and none of them have acquired any disqualification as per section 164(2) (g) of the Companies Act, 2013.

2.6 Relationship between Directors inter-se

Table 4: Disclosure of relationships between Directors inter-se.

Sr. No.	Executive Directors	Relationship with other Directors
1.	Shri Satyanarayan Nuwal	Brother of Shri K.C Nuwal/ Father of Shri Manish Nuwal
2.	Shri Kailashchandra Nuwal	Brother of Shri S. N Nuwal/ uncle of Shri Manish Nuwal
3.	Shri Manish Nuwal	Son of Shri S.N Nuwal/ Nephew of Shri K.C Nuwal
4.	Shri Roomie Dara Vakil	-
5.	Shri Anil Kumar Jain	-

2.7 Directors Shareholding

Table 5: Directors Shareholding as on March 31, 2017

Sr. No.	Name of Directors	No. of Equity Shares held
1.	Shri Satyanarayan Nuwal	20343695
2.	Shri Kailashchandra Nuwal	17739095
3.	Shri Manish Nuwal	4464301
4.	Shri Roomie Dara Vakil	500
5.	Shri Anil Kumar Jain	Nil

None of the Non-executive Independent Directors of the company held any Equity Shares of the Company during the financial year ended March 31, 2017.

2.8 Code of Conduct

The Board of Directors laid down a Code of Conduct for all the board members and senior management of the Company. The updated Code incorporates the duties of Independent Directors. This code has been posted on the website of the Company at www.solargroup.com.

All board members and senior management personnel have affirmed compliance with the code. A declaration to this effect is signed by Shri Manish Nuwal, Managing Director and Chief Executive Officer is attached and forms part of the Annual Report of the Company.

2.9 Performance Evaluation

Pursuant to the provisions of the Companies Act, 2013 and the Listing Regulations, the Board is required to monitor and review the Board evaluation framework. In line with the Corporate Governance Guidelines, the Board has carried out the annual performance evaluation of its own performance, the Chairman, the Directors individually, Chief Financial Officer, Company Secretary as well as the evaluation of the working of its Audit, Nomination and Remuneration and Stakeholders Relationship and CSR Committee

This evaluation is led by the Chairman of the Nomination and Remuneration Committee with specific focus on the performance and effective functioning of the Board. The evaluation process also considers the time spent by each of the Board Member, core competencies, personal characteristics, accomplishment of specific responsibilities and expertise. The Board evaluation is conducted through questionnaire having qualitative parameters and feedback based

on ratings. The Directors expressed their satisfaction with the evaluation process.

3. Second Layer Governance by 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 sub-committee acts within agreed, written terms of reference. The Chairman of each sub-committee reports at each scheduled board meeting. The Committees also make specific recommendations to the Board on various matters from time-to time. All observations, recommendations and decisions of the Committees are placed before the Board for information or for approval.

The Company has four Board-level Committees, namely:

- Audit Committee
- Nomination and Remuneration Committee
- Stakeholders Relationship Committee
- Corporate Social Responsibility Committee

3.1 Audit Committee

The powers, role and terms of reference of the Audit Committee covers the areas as contemplated under Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and Section 177 of the Companies Act, 2013,

as applicable along with other terms as referred by the Board of Directors.

Beside, having access to all the required information from within the Company, the Committee can obtain external professional advice whenever required. The Committee acts as the link between Statutory and Internal Auditor and the Board of Directors of the Company. It reviews Financial Statements and investment of unlisted subsidiary companies, Management Discussion & Analysis of financial condition and results of operations etc.

A. Extract of Terms of Reference

Committee is constituted in line with the provisions of Regulation 18 of SEBI Listing Regulations, read with Section 177 of the Act.

1. Oversight of financial reporting process.
2. Reviewing with the management, the annual financial statements and auditors' report thereon before submission to the board for approval.
3. Evaluation of internal financial controls and risk management systems.
4. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company.
5. Approve policies in relation to the implementation of the Insider Trading Code and to supervise implementation of the same.

The Statutory Auditors, Internal Auditors and the Chief Financial Officer of the Company are invited to

attend and participate at the meetings of the Committee.

The Cost Auditors attend the Audit Committee Meetings where cost Audit Reports are discussed. The due date for filing the Cost Audit Report for the financial year ended March 31, 2017 is October 30, 2017

The Chairman of the Audit Committee Shri Dilip Patel attended the last Annual General Meeting held on September 22, 2016.

M/s D L Associates and M/s Ekbote Deshmukh & Co.were the firms those performed the Internal Audit function of the Group for the FY 2016-17.

B. Meetings during the year

The Committee met four times during the year under review. The Committee meetings were held on May 16, 2016, September 07, 2016, November 23, 2016 and February 14, 2017. The gap between any two meetings has been less than four months.

C. Composition and Attendance

The Attendance at the meetings was as under:

Table 6: Composition and Attendance of Audit Committee as on March 31, 2017

Sr. No.	Name of Member(s)	Nature of Membership	Category	Number of meetings attended
1.	Shri Dilip Patel	Chairman	Non-Executive Independent Director	4/4
2.	Shri Manish Nuwal	Member	Managing Director and CEO	4/4
3.	Shri Amrendra Verma	Member	Non-Executive Independent Director	3/4
4.	Smt. Madhu Vij	Member	Non-Executive Independent Director	2/4

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

In pursuance, to Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the members of the Audit Committee possess financial / accounting expertise / exposure.

D. Whistle Blower Policy/Vigil Mechanism

The Company promotes ethical behavior in all its business activities and has in place a mechanism wherein the Employees are free to report illegal or unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct or Corporate Governance policies or any improper activity to the Chairman of the Audit Committee of the company or Chairman of the Company. The Whistle Blower Policy has been appropriately communicated within the company. Under the Whistle Blower Policy, the confidentiality of those reporting violations is protected and they are not subject to any discriminatory practices. No personnel have been denied access to the Audit Committee.

The Whistle Blower Policy is posted on the website of the Company at the link: <https://www.solargroup.com/Uploads/Files/Investors/policies/WBP.pdf>

3.2 Nomination and Remuneration Committee

The Nomination and Remuneration Committee of the Company is constituted in line with the provisions of Regulation 19 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 read with Section 178 of the Companies Act, 2013.

This Committee has been vested with authority to inter alia recommend nominations for Board Membership, develop and recommend policies with respect to the composition of the Board commensurate with the size, nature of the business and operations of the Company, establish criteria for selection to the Board with respect to the competencies, qualifications, experiences, track record and integrity and establish Director retirement policies and appropriate succession plans and determining overall remuneration policies of the Company.

The principal scope / role also include review of market practices and decide on remuneration packages applicable to Executive Directors, Senior Management Personnel, etc. and review the same.

The Nomination and Remuneration Committee will lay the foundation to the effective functioning of the Board.

A. The primary responsibilities of this Committee are to:

1. Identifying potential candidates who are qualified to become Directors and who may be appointed in senior management.
2. Determining the composition of the Board of Directors and the sub-committees of the board.
3. Carry out evaluation of every director's performance.

- | | | |
|--|--|--|
| 4. Formulate the criteria for determining qualifications, positive attributes and independence of a director. | attract and retain the best available personnel for position of substantial responsibility with the Company. | of the independent director, on the basis of the report of performance evaluation of independent directors. |
| 5. Recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees. | 7. Overall responsibility of approving and evaluating the compensation plans, policies and programs for all the Executive Directors and Senior Management Personnel. | B. Meetings during the year:

The Committee met four times during the year under review. The Committee meetings were held on May 16, 2016, September 07, 2016, November 23, 2016 and February 14, 2017. |
| 6. To assist the Board's overall responsibility relating to executive compensation and recommend to the Board appropriate compensation packages for Whole-time Directors and Senior Management personnel in such a manner so as to | 8. Devising a policy on diversity of board of directors.

9. Deciding whether to extend or continue the term of appointment | The gap between any two meetings has been less than four months. |

C. Composition and Attendance

Table 7: Composition of Nomination and Remuneration Committee as on March 31, 2017

Sr. No.	Name of Member(s)	Nature of Membership	Category	Number of meetings attended
1.	Shri Anant Sagar Awasthi	Chairman	Non-Executive Independent Director	4/4
2.	Shri Dilip Patel	Member	Non-Executive Independent Director	4/4
3.	Shri Ajai Nigam	Member	Non-Executive Independent Director	4/4

The Company Secretary, Mrs. Khushboo A. Pasari acts as the Secretary to the Nomination and Remuneration Committee.

D. Remuneration of Directors:

(a) Pecuniary Relationship of Non-Executive Directors

The Company has no pecuniary relationship or transaction with its Non-Executive & Independent Directors other than payment of sitting fees to them for attending Board and Committee meetings and Commission as approved by members for their invaluable services to the Company.

(b) Remuneration Policy and Criteria of making payments to Directors, Senior Management and Key Managerial Personnel

In determining the remuneration of Chairman, Executive Director, Senior Management Employees and Key Managerial Persons the Committee shall ensure / consider the following:

- i) The relationship of remuneration and performance benchmark is clear.
- ii) The relative performance of the Company to the industry performance and review of remuneration packages of managerial personnel of other organisations.
- iii) Perquisites and retirement benefits are paid according to the Company policy as applicable to senior executives of the Company, subject to prescribed statutory ceiling.
- iv) The remuneration of employees largely consists of basic salary, perquisites, bonus and performance incentives. The components of the total

remuneration vary for different grades and are governed by the industry pattern, qualification & experience / merits, performance of each employee. The main objective of the remuneration policy is to motivate each and every employee and to stimulate excellence in their performance, recognise merits / achievements in order to retain the talent in the Company and to promote the feeling of belongingness.

An Independent Director shall be entitled to receive sitting fees for each meeting of the Board or Committee of the Board attended by him, of such sum as may be approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Executive Directors Remuneration

The remuneration package of the Executive Directors is normally decided over a period for 3/5 years by the Nomination and Remuneration Committee. The remuneration paid to the Executive Directors during the FY 2016-17 is as below:

Table 8: Remuneration paid to Executive Directors during the FY 2016-17

(₹ in Crores)

Sr. No.	Executive Directors	Salary	Commission	Gratuity	Leave Encashment
1.	Shri Satyanarayan Nuwal	1.20	1.50	0.27	-
2.	Shri Kailashchandra Nuwal	1.20	1.50	0.06	-
3.	Shri Manish Nuwal	1.20	1.50	0.06	-
4.	Shri Roomie Dara Vakil	0.26	-	0.01	-
5.	Shri Anil Kumar Jain	0.29	-	0.01	-

Non-Executive Independent Directors Remuneration

All the Five Non-Executive Directors are Independent Directors i.e. Independent of management and free from any business or other relationship that could materially influence their judgment. All the independent directors satisfy the criteria of independence as defined under Regulation 16 (1) (b) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Non-Executive Independent Directors were only paid sitting fees for attending Board and Board Committee meetings for the FY 2016-17.

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

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

The sitting fees [remuneration] paid to the Non-Executive Independent Directors during the FY 2016-17 is as below:

Table 9: Remuneration paid to Non-Executive Independent Directors during the FY 2016-17

Sr. No.	Non-Executive Independent Directors	Sitting Fees (₹)
1.	Shri Anant Sagar Awasthi	2,15,000.00
2.	Shri Dilip Patel	2,55,000.00
3.	Shri Amrendra Verma	1,50,000.00
4.	Shri Ajai Nigam	1,60,000.00
5.	Smt. Madhu Vij	1,00,000.00

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

3.3 Stakeholders Relationship Committee

The Stakeholders Relationship Committee of the Company is constituted in line with the provisions of Regulation 20 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 read with Section 178 of the Companies Act, 2013.

The Stakeholders Relationship Committee is responsible for the satisfactory redressal of investor complaints and recommends measures for overall improvement in the quality of investor services.

A. The primary responsibilities of this Committee are to:

1. 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.

2. Monitor and review any investor complaints received by the Company or through SEBI, SCORES and ensure its timely and speedy resolution, in consultation with the Company Secretary, Compliance officer and Registrar and Share Transfer Agent of the Company.
3. Monitor implementation and compliance with the Company's Code of Conduct for Prohibition of Insider Trading
4. Carry out any other function as is referred by the Board from time to time and / or enforced by any statutory notification / amendment or modification as may be applicable
5. Perform such other functions as may be necessary or appropriate for the performance of its duties

B. Meetings during the Year

The Committee met four times during the year under review. The Committee meetings were held on May 16, 2016, September 07, 2016, November 23, 2016 and February 14, 2017.

The gap between any two meetings has been less than four months.

C. Composition and Attendance

Table 10: Composition and attendance of Stakeholders Relationship Committee as on March 31, 2017

Sr. No.	Name of Member(s)	Nature of Membership	Category	Number of meetings attended
1.	Shri Anant Sagar Awasthi	Chairman	Non-Executive Independent Director	4/4
2.	Shri Kailashchandra Nuwal	Member	Vice-Chairman and Executive Director	3/4
3.	Shri Roomie Dara Vakil	Member	Executive Director	4/4

The Company Secretary, Mrs. Khushboo A. Pasari, acts as the Secretary to the Stakeholders Relationship Committee.

D. 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 11: Nature of Complaints and redressal status as on March 31, 2017

Sr. No.	Nature of Complaint	Complaints Received	Complaints Processed	Complaints Pending
1.	Non Receipt of Annual Report	2	2	-

The Company Secretary, Mrs. Khushboo A. Pasari, is designated as the "Compliance Officer" who oversees the redressal of the investor's grievances.

3.4 Corporate Social Responsibility Committee

The Committee's prime responsibility is to assist the Board in discharging its social responsibilities by way of formulating and monitoring implementation of the framework of corporate social responsibility policy. The Board has also empowered the Committee to look into matters related to sustainability and overall governance.

The Committee's composition and terms of reference are in compliance with the provisions of the Companies Act, 2013.

A. Terms of Reference

- To formulate and recommend to the Board, a CSR Policy and the activities to be undertaken by the

Company as per Schedule VII of the Companies Act, 2013

- To monitor the CSR Policy from time to time.
- To identify the areas of CSR activities and recommend the amount of expenditure to be incurred on such activities.
- To coordinate with such other agency for implementing programs and executing initiatives as per CSR policy and shall review the performance of such other agency periodically.
- To form and delegate authority to subcommittees when appropriate.
- To report regularly to the Board.

Company has framed the CSR Policy which is available at its website: <https://www.solargroup.com/Uploads/Files/Investors/policies/CSRP.pdf>

B. Meetings during the Year

The Committee met four times during the year under review. The Committee meetings were held on May 16, 2016, September 07, 2016, November 23, 2016, February 14, 2017.

The gap between any two meetings has been less than four months.

C. Composition of CSR Committee

Table 12: Composition and attendance of Corporate Social Responsibility Committee as on March 31, 2017

Sr. No.	Name of Member(s)	Nature of Membership	Category	Number of meetings attended
1.	Shri Satyanarayan Nuwal	Chairman	Chairman and Executive Director	3/4
2.	Shri Manish Nuwal	Member	Managing Director and CEO	4/4
4.	Shri Ajai Nigam	Member	Non-Executive Independent Director	4/4

The Company Secretary, Mrs. Khushboo A. Pasari, acts as the Secretary to the Corporate Social Responsibility Committee.

3.5 Committee Minutes

Minutes of all the Committees of the Board are prepared by the Secretary of the Committee, approved by the Chairman of the Meeting, entered in their respective Minutes Book within stipulate time frame, circulated to the Board in the Agenda for the succeeding meeting and adopted and taken on record.

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.

Your company has a well-defined risk management framework in place. Further, your company has established procedures to periodically place before the Board, the risk assessment and minimisation procedures being followed by the Company and steps taken by it to mitigate these risks.

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

5. Subsidiary Companies

All Subsidiary Companies are managed with their Board of Directors having rights and obligations to manage such companies in the best interest of their stakeholders. Following are the means by which Solar Industries India Limited monitors the performance of its subsidiaries:

- The financial statements of the unlisted Indian and foreign Subsidiary Companies are being placed before the Board on quarterly basis after the review of Company's Audit Committee
- Minutes of all the Subsidiaries of the Company are prepared by the Secretary and are placed before the Company's Board regularly.
- A statement containing all significant transactions and arrangements entered into by unlisted subsidiary companies is placed before the Company's Board and Audit Committee.

In terms of Regulation 16 (1) (c) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company has formulated a Policy for Determining Material Subsidiaries and the same is available on the Company's website. The Policy can be accessed at: <https://www.solargroup.com/Uploads/Files/Investors/policies/PDMS.pdf>

6. Reconciliation Of Share Capital Audit

As per Regulation 55A of SEBI (Depositories & Participants) Regulations, 1996, a qualified practicing Company Secretary Shri Tushar Pahade, partner at M/s. Joshi Pahade and Associates, Company Secretaries, has carried out reconciliation of share capital audit of 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.

7. Third Layer Governance by Shareholders

a) General Body Meetings

Table 13: Information of last three Annual General Meetings (AGMs) held

Year	Location	Date & Time	Special Resolution Passed
21 st AGM 2016	Hotel Tuli Imperial, Central Bazar, Ramdaspath Nagpur 440010	September 22, 2016 at 12.30 P.M	None
20 th AGM 2015	Hotel Tuli Imperial, Central Bazar, Ramdaspath Nagpur 440010	September 09, 2015 at 12.30 P.M	None
19 th AGM 2014	Hotel Tuli Imperial, Central Bazar, Ramdaspath Nagpur 440010	September 04, 2014 at 12.30 P.M	Special Resolution was passed for Appointment of Shri R.D Vakil

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

During the year under review following Special Resolution was put through Postal Ballot for obtaining approval of its members. The detail of this resolution along with the voting result is as follows;

Sr. No.	Name of Resolution	No of votes polled (Postal Ballot Forms)	No of votes polled (E-Voting)	Votes cast in favor		Votes cast against	
				No of votes	%	No of votes	%
1.	Approval for alteration of the capital clause of the memorandum of association	1,33,15,769	34,20,329	1,67,35,996	100	107	0

Person who conducted the Postal Ballot exercise:

Shri Tushar Pahade of M/s. T. S. Pahade & Associates, Practicing Company Secretaries, Nagpur was appointed as the scrutiniser for carrying out the postal ballot process in a fair and transparent manner.

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

d) Postal Ballot & E-Voting

During the year, the Company approached the shareholders through postal ballot, in May 2016. A summary of the voting result of the above-mentioned postal ballot is as follows:

Date of Postal Ballot Notice: May 16, 2016

Date of declaration of result: July 01, 2016

Voting period: May 31, 2016 to June 30, 2016

Table 14: A summary of the voting result of the postal ballot:

Sr. No.	Name of Resolution	Type of Resolution	No of votes polled (Postal Ballot Forms)	No of votes polled (E-Voting)	Votes cast in favor		Votes cast against	
					No of votes	%	No of votes	%
1.	Approval for Sub-Division of Shares	Ordinary	1,33,15,769	34,20,329	1,67,35,996	100	102	0
2.	Approval for alteration of the capital clause of the memorandum of association	Special	1,33,15,769	34,20,329	1,67,35,996	100	107	0
3.	Re-appointment of Shri Satyanarayan Nuwal (DIN: 00713547), as Chairman & Executive Director of the company & revision in terms of his remuneration.	Ordinary	87,53,092	31,49,283	1,17,98,798	99.12	1,03,577	0.87
4.	Appointment/ re-appointment of Shri Kailashchandra Nuwal (DIN: 00374378) as a Vice Chairman & Executive Director & revision in terms of his remuneration.	Ordinary	92,66,820	31,49,283	1,23,12,556	99.17	1,03,547	0.83
5.	Appointment of Shri Manish Nuwal (DIN: 00164388), as Managing Director of the company & revision in terms of his remuneration.	Ordinary	1,24,52,951	31,49,283	1,54,98,657	99.34	1,03,577	0.66
6.	Revision in terms of remuneration of Shri Roomie Dara Vakil (DIN: 00180806) Executive Director of the company	Ordinary	1,33,15,669	31,49,283	1,64,64,810	100	142	0
7.	Revision in terms of remuneration of Shri Anil Kumar Jain (DIN: 03532932), Executive Director of the company	Ordinary	1,33,13,365	31,49,283	1,64,62,506	100	142	0

The Company successfully completed the process of obtaining approval of its shareholders for special resolutions on the items detailed above through a postal ballot.

Procedure for postal ballot

- i. The Board of Directors, vide resolution dated May 16, 2016 had appointed Shri Tushar Pahade of M/s. T. S. Pahade & Associates, Practicing Company Secretaries, Nagpur as the scrutiniser.
- ii. The dispatch of the Postal Ballot Notice dated May 16, 2016 together with Explanatory Statement was completed on May 27, 2016 along with forms and postage prepaid business envelopes to all the shareholders whose name(s) appeared on the Registers of Members/ list of beneficiaries as on May 18, 2016.
- iii. The voting under the Postal Ballot was kept open from May 31, 2016 to June 30, 2016 (either physically or through electronic mode).

- iv. Particulars of Postal Ballot forms received from the Members using the electronic platform of CDSL were entered in a register separately maintained for the purpose.
- v. The Postal Ballot forms were kept under the safe custody of the Scrutiniser in sealed and tamper proof ballot boxes before commencing the scrutiny of such postal ballot forms.
- vi. All Postal Ballot forms received by the Scrutiniser upto 5.00 p.m. on June 30, 2016 had been considered for his scrutiny. Postal Ballot forms received after the date had not been considered.
- vii. On July 01, 2016, Shri Satyanarayan Nuwal, Chairman announced the results of the Postal Ballot as per the Scrutiniser's Report.
- e) During the year under review, no Extraordinary General Meeting of the members of the company was convened but the date of announcement of result of Postal Ballot which is July 01, 2016 was treated as Extraordinary General Meeting.

8. Means of Communication

8.1 Quarterly Results

Quarterly results are published in numerous leading dailies such as, Business Standards (All Editions) and Loksatta (Nagpur Edition). All financial and other vital official news are also communicated to the concerned stock exchanges and are posted on the website of the company i.e. www.solargroup.com

8.2 Presentations to Institutional investors or analysts

During the FY 2016-17, presentations made to institutional investors or analysts by Solar Industries India Limited are displayed on the Company's website www.solargroup.com

8.3 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.

8.4 Annual Report

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

8.5 Chairman's Communique

Printed copy of the Chairman's Speech is distributed to the entire shareholder's at the Annual General Meeting. The same is also placed on the website of the company i.e. www.solargroup.com

8.6 Designated Exclusive email-id for investor services

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

investor.relations@solargroup.com

8.7 NSE Electronic Application Processing System (NEAPS)

The NEAPS is a web-based application designed by NSE for corporates. All periodical compliance filings like shareholding pattern, corporate governance report, media releases, among others are filed electronically on NEAPS.

8.8 BSE Corporate Compliance & Listing Centre (the 'Listing Centre')

BSE's Listing Centre is a web-based application designed for corporates. All periodical compliance filings like shareholding pattern, corporate governance report, media releases, among others are also filed electronically on the Listing Centre.

8.9 SEBI Complaints Redress System (SCORES)

The investor complaints are processed in a centralised web-based complaints redress system. The salient features of this system are: Centralised database of all complaints, online upload of Action Taken Reports (ATRs) by concerned companies and online viewing by investors of actions taken on the complaint and its current status.

9. GENERAL SHAREHOLDER INFORMATION AND DISCLOSURES

9.1 Annual General Meeting

Day & Date: **Monday, August 21, 2017**

Time: 12.30 p.m.

Venue: Hotel Tuli Imperial, Central Bazar, Ramdaspath, Nagpur-440010 (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 a proxy form and send it to us.

The last date for receipt of proxy forms by us is **August 19, 2017 before 12.30 p.m.**

9.2 Financial Calendar

Our Tentative calendar for declaration of results for the financial year 2017-2018 is given below

Table 15: Financial results schedule for the year 2017-2018

Particulars	Tentative Schedule
Financial Reporting for the Quarter ending June 30, 2017	On or before August 15, 2017
Financial Reporting for the Quarter ending September 30, 2017	On or before November 15, 2017
Financial Reporting for the Quarter ending December 31, 2017	On or before February 15, 2018
Financial Reporting for the Year/Quarter ending March 31, 2018	On or before May 30, 2018
Annual General meeting for the Year ending March 31, 2018	In or before September, 2018

For the year ended on March 31, 2017 results were announced on May 29, 2017.

For the Quarter ended on June 30, 2017 results will be announced in August, 2017

9.3 Interim Dividend

Your Board of Directors declared an Interim Dividend of ₹2/- per Equity Share i.e. 100% on the face value of ₹2 per Equity Share on February 14, 2017.

Record Date for Interim Dividend

The record date for the purpose of payment of Interim Dividend was fixed as February 22, 2017, and the Interim Dividend was paid to the shareholders who were on the Register of Members as of the closing hours of February 22, 2017.

9.4 Final Dividend

The Board of Directors of the Company has proposed the Final Dividend of ₹3 Per Equity Share for the financial year ended on March 31, 2017 subject to the approval by the shareholders of the Company at the 22nd Annual General Meeting.

Dates of Book Closure

The Register of Members and the share Transfer Books of the Company shall remain closed from Friday, August 11, 2017 till Monday, August 21, 2017(both days inclusive) for payment of Final Dividend and Annual General Meeting.

9.5 Final Dividend Payment Date

The payment of dividend, upon declaration by the shareholders at the forthcoming annual general meeting, will be made on or after September 7, 2017:

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 Thursday, August 10, 2017.
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 Thursday, August 10, 2017.

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.

9.6 Dividend Policy

As per Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations), the top 500 listed companies shall formulate a dividend distribution policy.

Accordingly, the policy was adopted to set out the parameters and circumstances that will be taken into account by the Board in determining the distribution of dividend to its shareholders and/or retaining profits earned by the Company. The policy is available on the Company's website, at <https://www.solargroup.com/Uploads/Files/Investors/policies/PDD.pdf>

9.7 Corporate Identity Number (CIN)

Our Corporate Identity Number (CIN), allotted by Ministry of Company Affairs, Government of India is L74999MH1995PLC085878.

9.8 Listing on Stock Exchanges

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

Table 16: Listing Details

Sr. No.	Name of Stock Exchange	Stock Code/Scrip Code	Address	ISIN Number for NSDL/CDSL (Dematerialised shares)
1	BSE Limited	532725	PhirozeJeejeebhoy Towers, Dalal Street, Mumbai – 400 001	INE343H01029
2	National Stock Exchange of India Limited, (NSE)	SOLARINDS	Exchange plaza, BandraKurla Complex, Bandra (E), Mumbai – 400 051	

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

9.9 Market Price Data

The shares of the Company were listed on NSE and BSE on April 3, 2006 share price data from 01.04.2016 to 31.03.2017 is as follows:

Table 17: Market Price data of Solar Industries India Limited

MARKET PRICE DATA OF BSE & NSE STOCK EXCHANGES FY 2016-17								
MONTH	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 2016	3500.00	3350.10	26100.54	24523.20	3498.50	3325.00	7992.00	7516.85
MAY 2016	3450.00	3144.00	26837.20	25057.93	3439.95	3135.00	8213.60	7678.35
JUNE 2016	3299.20	2995.00	27105.41	25911.33	3290.50	2990.05	8308.15	7927.05
JULY 2016	3305.00	640.00	28240.20	27034.14	3299.95	640.00	8674.70	8287.55
AUG 2016	668.90	589.05	28532.25	27627.97	668.95	588.00	8819.20	8518.15
SEP 2016	672.00	622.50	29077.28	27716.78	671.90	620.10	8968.70	8555.20
OCT 2016	685.00	645.25	28477.65	27488.30	685.00	644.05	8806.95	8506.15
NOV 2016	708.00	630.00	28029.80	25717.93	708.00	630.00	8669.60	7916.40
DEC 2016	694.15	621.05	26803.76	25753.74	689.85	647.00	8274.95	7893.80
JAN 2017	783.20	675.10	27980.39	26447.06	783.50	672.10	8672.70	8133.80
FEB 2017	747.10	695.00	29065.31	27590.10	747.80	695.10	8982.15	8537.50
MAR 2017	794.00	712.50	29824.62	28716.21	796.00	710.00	9218.40	8860.10

With effect from July 15, 2016, face value of Company's equity shares has been sub divided from ₹10 per equity share to ₹2 per equity share

9.10 Registrar and Share Transfer Agent

Link Intime India Pvt. Limited
C 101, 247 Park,
L B S Marg, Vikhroli West,
Mumbai 400 083
Tel No: +91 22 49186000
Fax: +91 22 49186060
Email id : rnt.helpdesk@linkintime.co.in

9.11 Share Transfer System

Share transfer and related operations for the Company, is conducted by M/s. 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.

9.12 Distribution of shares and shareholding pattern as on March 31, 2017

Table 18: Shareholding pattern as on March 31, 2017

Shareholding of nominal value (₹)	No. of share holders	% of total number of shareholders	Shares held in each class	
			Nominal Value of shares	% of total
1 -- 5000	11030	97.3522	3397590	1.8773
5001 – 10000	119	1.0503	877742	0.4850
10001 – 20000	50	0.4413	717312	0.3963
20001 – 30000	27	0.2383	684066	0.3780
30001 – 40000	11	0.0971	374558	0.2070
40001 – 50000	14	0.1236	621226	0.3433
50001 – 100000	17	0.1500	1093992	0.6045
100001-- *****	62	0.5472	173213624	95.7087
TOTAL	11330	100	180980110	100

Table 19: Shareholding Pattern (Category wise) as on March 31, 2017

Sr. No.	Category	No. of Shareholders	Total Shares	% Total Share holding
1	Promoters	66191271	15	73.1476
2	Resident Individuals(public)	3113098	10313	3.4403
3	Foreign Institutional Investors	140369	1	0.1551
4	Hindu Undivided Family	273853	340	0.3026
5	Mutual Funds	16558918	49	18.2992
6	Clearing Members	63093	100	0.0697
7	Other Bodies Corporate	571961	228	0.6321
8	Non Resident Indians	36941	179	0.0408
9	Non-Resident Indians (Non Repatriable)	66157	85	0.0731
10	Non Nationalised Banks	4346	2	0.0048
11	GIC and its Subsidiaries	2366483	1	2.6152
12	Foreign Portfolio Investor (Corporate)	1103565	17	1.2195
	TOTAL	90490055	11330	100

9.13 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).

90490000 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 20 shows the details of such allottees.

In accordance with Regulation 34(3) and Part F of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has identified 4 folios comprising of 670 equity

shares of Face Value of ₹2/- each, which are unclaimed as on March 31, 2017. The Company has sent the reminders to the concerned shareholders in accordance with the said clause.

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 20: Details of shares lying in Demat Escrow Account

Sr. No.	Appl. No.	Name	DP/Client ID	Allot
1	2272861	Champaklal U Sanghvi	13015400000	150
2	5932548	M Anantham	-	150
3	3629081	Pradeep M Shah	1302240000026644	185
4	5331319	Saroj Agarwal	IN30047672338419	185
			TOTAL	670

The voting rights on the shares in the Suspense Accounts as on March 31, 2017 shall remain frozen till the rightful owner of such shares claims the shares.

Table 21: Major 10 Shareholders as on March 31, 2017 (other than promoters)

Sr. No.	Name	Holding	Percentage
1	SBI Emerging Businesses Fund	5566888	6.15
2	HDFC Trustee Company Ltd - A/C HDFC Mid - Cap opportunities Fund	4359748	4.82
3	ICICI Prudential Life Insurance Company Limited	2366483	2.62
4	KOTAK Select Focus Fund	1810269	2.00
5	DSP BlackRock Micro Cap Fund	1562700	1.73
6	ICICI Prudential Long Term Equity Fund Tax Savings	1133320	1.25
7	INDIA MIDCAP (MAURITIUS) LTD.	726431	0.80
8	TATA Balanced Fund	725000	0.80
9	BIRLA Sun Life Trustee Company Private Limited A/C BIRLA Sun Life Midcap Fund	610045	0.67
10	CANARA Robeco Mutual Fund A/C CANARA Robeco Emerging Equities	446030	0.49

9.14 Plant Locations as on March 31, 2017

Table 22: Plant Locations as on March 31, 2017

Sr. No.	Unit	Address	City/State
1	Solar Industries India Limited Chakdoh	Kh No 37-39 & 78-83, Amravati Road, Village-Chakdoh (Bazargaon), Tehsil-Katol	Nagpur, Maharashtra
2	Solar Industries India Limited Waidhan Unit-1	Plot No. 32-37, Udyog Deep Ind.Area, , Dist.-Sidhi,	Waidhan , Madhya Pradesh
3	Solar Industries India Limited Chandrapur	Survey No.101, Warur Road, Tahsil-Rajura,	Chandrapur, Maharashtra.
4	Solar Industries India Limited Korba	Kh. No.5 Village-Mudapur, Tahsil-katgora,	Korba, Chattisgarh.
5	Solar Industries India Limited Ramgarh	Plot No. 967 & 1156, MouzaManua, Tahsil-Ramgarh Cant.,	Hazribagh, Jharkhand.
6	Solar Industries India Limited Tadali	MIDC Plot No. B-11, Chandrapur (Tadali) Growth Center, Tadali	Chandrapur, Maharashtra.
7	Solar Industries India Limited Dhanbad	Kandra Industrial Area, plot No. C-32 (p) & C-33 (p),	Dhanbad, Jharkhand.
8	Solar Industries India Limited Asansol	MouzaBarapukuria, Plot No. 2/848, P.S.Asansol (North), Tahsil-Asansol,	Burdwan, West Bengal.
9	Solar Industries India Limited Talcher	IDCO Plot No.27, Revenue Plot No.48(P), Village Ghontapada Industrial Estate Talcher,	Angul, Orissa.
10	Solar Industries India Limited Manendragarh	KH. No.323/2, P.H.No.30, MauzaChainpur, Tahsil-Manendragarh,	Koriya, Chattisgarh.

Table 22: Plant Locations as on March 31, 2017 (Contd..)

Sr. No.	Unit	Address	City/State
11	Solar Industries India Limited Karimnagar	Survey No.363, Kamanpur (mandal), Village Musthyala (A)	Karimnagar, Telangana
12	Solar Industries India Limited Jharsuguda	Mauza Behrapalli, Plot No: 389 & 392,	Jharsuguda, Orissa
13	Solar Industries India Limited Barughuttu	Plot No.380 (p), Khata no. 48 Mauza Barughuttu, P.O West Bokaro	Ramgarh, Jharkhand
14	Solar Industries India Limited Waidhan Unit-2	Khasra No.975/2, Ganyari	Singrauli, Madhya Pradesh
15	Solar Industries India Limited Bhilwara	Khasra No.1459 &1460, Village Rupaheli, Tahesil Hurda	Bhilwara, Rajasthan
16	Solar Industries India Limited Umrer	MIDC, Plot No- B-13, Umrer Growth Center, Teh- Umrer	Nagpur, Maharashtra
17	Solar Industries India Limited Kothagudem	Survey No. 117, VenkateshKhani, Kothagudem (M),	Khammam, Telangana
18	Solar Industries India Limited Kota	Kh. No. 132 & 137, Vill-Dingsi, The- Ramganjmandi	Kota, Rajasthan
19	Solar Industries India Limited Barbil	Kh.No.1034,1035,1046/1264,1046/1265,1046/1035,1034,1047 & 1048 Vill- Naibaga, The- Jhumpura (Barbil)	Keonjhar, Orissa
20	Economic Explosives Limited	Village - Sawanga	Nagpur, Maharashtra
21	Economic Explosives Limited Nimjee	Kh – 40/1 & 40/2 , Khapri, PO – MIDC, Gondkhari, Kaleshwar Road	Nagpur, Maharashtra
22	Emul Tek Private Limited	Plot No. 59, Udyog Deep Industrial Area, Waidhan	Singrauli, Madhya Pradesh
23	Blastec (India) Private Limited	Vill – Darramura, Orissa Road	Raigarh, Chattishgarh
24	Blastec (India) Private Limited	Plot No. 75, Udyog Deep Industrial Area, Waidhan	Singrauli, Madhya Pradesh
25	Blastec (India) Private Limited	Po – Nonbira, Vill – Ratija	Korba, Chattishgarh

9.15 Voting through electronic means

Pursuant to Section 108 of the Companies Act, 2013 and the Rules made there under, every listed company is required to provide its members facility to exercise their right to vote at general meetings by electronic means.

The Company has entered into an arrangement with CDSL, an authorised agency for this purpose, to facilitate such e-voting for its members.

The shareholders would therefore be able to exercise their voting rights on the items put up in the Notice of Annual General Meeting, through such e-voting method.

E-Voting shall be open for a period of 3 days, from **Friday, August 18, 2017 (10.00 a.m.) to Sunday, August 20, 2017 (5:00 p.m.)**. The Board has appointed Shri Tushar Pahade partner at M/s. Joshi Pahade & Associates, Practicing Company Secretaries as scrutiniser for the e-voting process.

Detailed procedure is given in the Notice of the 22nd Annual General Meeting and also placed on the website of the Company.

9.16 Address for correspondence

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

Solar Industries India Limited

Khushboo Pasari
Company Secretary and Compliance Officer

11, Zade Layout,
Bharat Nagar,
Nagpur, Maharashtra
Tel: (+91) 712-6681888
Fax: (+91) 712-2560202
Email id:investor.relations@solargroup.com
CIN: L74999MH1995PLC085878

9.17 Transfer of unpaid/unclaimed amounts to Investor Education and Protection Fund

During the year under review, the Company has transferred unpaid and unclaimed dividend amount lying in the final dividend account (2008-09) of ₹52,416/- and Interim Dividend account (2009-10) of ₹39,639/-.

9.18 Unclaimed Dividends

Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on September 22, 2016 (date of last Annual General Meeting) on the Company's website (www.solargroup.com), as also on the Ministry of Corporate Affairs' website.

We give below a table providing the dates of declaration of Dividend since financial year 2009-10 and the corresponding dates when unclaimed dividends are due to be transferred to the Central Government.

Table 23: details of unclaimed dividend

Sr. No.	Financial Year	Date of Declaration of dividend	Unclaimed Amount as on March 31, 2017	Last Date for claiming unpaid Dividend
1	2009-10 (Final)	23 rd August, 2010	56,758	22 nd August, 2017
2	2010-11 (Interim)	29 th October, 2010	39,840	28 th October, 2018
3	2010-11 (Final)	10 th August, 2011	11,504	09 th August, 2018
4	2011-12 (Interim)	11 th November, 2011	25,400	10 th November, 2019
5	2011-12 (Final)	11 th August, 2012	17,520	10 th August, 2019
6	2012-13 (Interim)	05 th November, 2012	13,780	04 th November, 2020
7	2012-13 (Final)	11 th September, 2013	47,664	10 th September, 2020
8	2013-14 (Interim)	28 th October, 2013	42,090	27 th October, 2021
9	2013-14 (Final)	04 th September, 2014	12,285	3 rd September, 2021
10	2014-15 (Interim)	10 th November, 2014	20,552	9 th November, 2022
11	2014-15 (Final)	09 th September, 2015	37,431	08 th September, 2022
12	2015-2016 (First Interim)	29 th October, 2015	19,773	28 th October, 2023
13	2015-2016 (Second Interim)	04 th March, 2016	27,839	03 rd March, 2023
14	2016-17 (Interim)	14 th February, 2017	60,714	13 th February, 2024

9.19 Transfer of Unclaimed Equity Shares to Investor Education and Protection Fund (IEPF) Suspense Account

Pursuant to the provisions of Section 124 and 125 of the Companies Act and the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, all shares on which dividend has not been paid or claimed for seven consecutive years or more shall be transferred to an IEPF suspense account. The process of transfer of the shares to the Suspense Account could not be completed, due to lack of clarity in the said Rules from the Ministry of Corporate Affairs (MCA).

However, the Company has initiated the process and issued individual notices to the 9 shareholders holding 1070 equity shares, who have not claimed their dividends (interim as well as final) for the last seven consecutive years. The Company has also uploaded full details of such shares due for transfer as well as unclaimed dividends on the website of the company.

Both the unclaimed dividends and the shares transferred to the IEPF can be claimed back by the concerned shareholders from IEPF Authority after complying with the procedure prescribed under the "Rules".

Further action in this regard would be taken after MCA notifies the revised rules.

10. Fourth Layer Governance of Management Process

10.1 Disclosure:

a. Disclosure of Related Party Transactions:

All related party transactions that were entered into during the financial year were at an arm's length basis and in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

As required under Regulation 23 of Listing Regulations, the Company has adopted a policy on Related Party Transactions. The policy on Related Party Transactions is available on the Company's website at <https://www.solargroup.com/Uploads/Files/Investors/policies/PRPT.pdf>

The Register under Section 188 of the Companies Act, 2013 is maintained and particulars of transactions have been entered in the Register, wherever applicable.

b. Disclosure Policy

In line with requirements under Regulation 30 of the Listing Regulations, the Company has framed a policy on disclosure of material events and information as per the Listing Regulations, which is available on our website at <https://www.solargroup.com/Uploads/Files/Investors/policies/PDME.pdf>

The objective of this policy is to have uniform disclosure practices and ensure timely, adequate and accurate disclosure of information on an ongoing basis. Key Managerial Personnel of the Company severally have the authority to determine Materiality of any event or information and ensure disclosures of the same are made to stock exchanges.

c. Policy for Preservation of Documents

Pursuant to the requirements under Regulation 9 of the Listing Regulations, the Board has formulated and approved a Document Retention Policy prescribing the manner of retaining the Company's documents and the time period up to certain documents are to be retained. The policy percolates to all levels of the organisation who handle the prescribed categories of documents.

The company has adopted a policy for preservation of documents and the same is available on the company's website.

d. Policy for Prevention, Prohibition & Redressal Sexual Harassment of Women at Workplace

Pursuant to the requirements of Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2014, your Company has a policy and framework for employees to report sexual harassment cases at workplace and our process ensures complete anonymity and confidentiality of information.

e. 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.

f. SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 Compliances

Your Company has complied with all the mandatory requirements specified in Regulations 17 to 27 and clauses (b) to (i) of sub – regulation (2) of Regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, relating to Corporate Governance and is committed to ensure compliance with all amendments that may be enacted from time to time. The details of these Compliances have been given in relevant sections of this Report.

g. Disclosure of Accounting Treatment

In the preparation of the financial statements, the Company has followed the Accounting Standards referred to in Section 133 of the Companies Act, 2013. The significant accounting

policies which are consistently applied are set out in the Notes to the Financial Statements.

h. Proceeds from Public Issues, Rights Issue, Preferential Issues, Etc.

During the period under review, the Company has not made any public issues, rights issue and preferential issues.

i. Compliance on Matters Related to Capital Markets

We have complied with all the requirements of regulatory authorities. During the last three years, there was no instance of non-compliance by the Company and no penalty or strictures were imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority, on any matter related to the Capital Markets.

j. Disclosure Related to Commodity Price Risks and Commodity Hedging Activities

During the FY 2016-17, the Company had managed the foreign exchange risk and hedged to the extent considered necessary. The Company enters into forward contracts for hedging foreign exchange exposures against exports and imports. The details of foreign currency exposure are disclosed in Note No. 33 (a) to the Annual Accounts.

k. Disclosure of Non-Compliance with Corporate Governance Requirement

There is no Non-Compliance of any requirement of Corporate Governance Report of sub-para (2) to (10) of the Part C of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

l. Code for Prevention of Insider Trading

The company has adopted a Code of conduct for Insider Trading and Fair Disclosure of Unpublished Price Sensitive Information pursuant to SEBI (Prohibition of Insider Trading) Regulations, 2015 for Directors, Key Managerial Personnel, Designated

Employees of the Company and their dependents along with the Indian Subsidiary of the Company.

The code is posted on the website of the Company at the link <https://www.solargroup.com/Uploads/Files/Investors/policies/CFDUPSI.pdf>

10.2 Discretionary Requirements under Regulation 27 of Listing Regulation

a. The Board - Chairman's Office

The Chairman of SOLAR is an Executive Director and hence this clause is not applicable

b. Shareholders rights

As the Company's quarterly and half yearly financial results are published in the English newspaper (Business Standard) having a circulation all over India and in a Marathi newspaper (Loksatta) having a circulation in Nagpur, the same are not sent separately to the shareholders of the Company, but hosted on the website of the Company.

c. Audit Qualifications

During the year under review, there is no audit qualification in your Company's financial statements. Your company continues to adopt best practices to ensure regime of unqualified financial statements.

d. 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.

e. Separate posts of Chairperson and CEO

The position of the Chairman of the Board of Directors and the CEO are separate.

f. Reporting of Internal Auditor

The Internal Auditors of the Company, report to the Audit Committee in all functional matters.

11. 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.

12. CEO/ CFO Certification:

The CEO/CFO of the Company have certified positively to the Board on the matters specified under Regulation 17(8) of the Listing Regulations for the year ended March 31, 2017. The said certificate is attached in this Annual Report.

13. 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 the certificate annexed to the report on Corporate Governance Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the FY 2016-17, and will be sent to the stock exchanges along with this annual report to be filled by the Company.

Declaration by Chief Executive Officer (CEO)

I, Manish Satyanarayan Nuwal, Managing Director and Chief Executive Officer of Solar Industries India Limited (SIIL) hereby confirm pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, that:

- The Board of Directors of SIIL has laid down a code of conduct for all the Board members and Senior Management Personnel of the Company. The said code of conduct has also been posted on Company's website: 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, 2017.

For Solar Industries India Limited

(Manish Nuwal)

Managing Director &
Chief Executive Officer

Place: Nagpur

Date: May 29, 2017

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

To,
The Board of Directors
Solar Industries India Limited

We have reviewed financial statements and the cash flow statements of Solar Industries India Limited for the year ended March 31, 2017 and that to the best of our knowledge and belief, we state that:

- 1)
 - i. These statements do not contain any materially untrue statement nor omit any material fact or contain statements that might be misleading, and
 - ii. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- 2) We are, to the best of our knowledge and belief, no transactions entered into by the Company during the FY 2016-17 which are fraudulent, illegal or violative of the Company's code of conduct.
- 3) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- 4) We have indicated to the auditors and the Audit committee of:
 - i. significant changes in internal control over financial reporting during the year,
 - ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii. instances of significant fraud of which we have become aware and the involvements therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

For Solar Industries India Limited

(Manish Nuwal)
Managing Director &
Chief Executive Officer

Place: Nagpur
Date: May 29, 2017

For Solar Industries India Limited

(Nilesh Panpaliya)
Chief Financial Officer

Certificate by the Auditors on Corporate Governance

To
The Members of
Solar Industries India Limited

We have examined the compliance of conditions of Corporate Governance by Solar Industries India Limited, for the year ended on March 31, 2017, as stipulated in Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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.

In our opinion and to the best of our information and according to the explanations given to us the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the provisions as specified in Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness 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

Firm Registration No.103031W

Place: Nagpur
Date: May 29, 2017

Business Responsibility Report

Introduction

The concept of sustainability is incorporated into the core of our business and has been expanded to encompass our aspirations and responsibilities to the society and to the environment. The Company endeavors to drive sustainability through initiatives across the units of operation and community because its a journey without milestones.

Section A

General Information about The Company

Sr. No.	Particulars	Company Information
1.	Corporate Identity Number(CIN) of the Company	L74999MH1995PLC085878
2.	Name of the Company	Solar Industries India Limited
3.	Registered address	11, Zade Layout, Bharat Nagar, Nagpur-440033
4.	Website	www.solargroup.com
5.	E-mail id	brr@solargroup.com
6.	Financial Year reported	01 st April, 2016 to 31 st March, 2017.
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	Manufacturing
8.	List three key products/ services that the Company manufactures/ provides (as in balance sheet)	1. Bulk Explosives 2. Detonators 3. Large Dia/ Small Dia Explosives
9.	Total number of locations where business activity is undertaken by the Company	Solar's domestic manufacturing units are located in the 8 states viz. Maharashtra, Chhattisgarh, Madhya Pradesh, Jharkhand, Odisha, Telangana, Rajasthan and West Bengal. Solar through its subsidiaries has operations in Zambia, Nigeria, Turkey & South Africa.
10.	Markets served by the Company	Solar's products have a national presence and several products are exported.

Section B

Financial Details of The Company

Sr. No.	Particulars	Company Information
1.	Paid up Capital (INR) As on 31.03.2017	9,04,90,055 Equity shares of ₹2 each amounting ₹18.09 Crores/-
2.	Total Turnover (INR)	₹1711.28 Crores
3.	Total profit after taxes (INR)	₹185.44 Crores
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax	The Company's total spending on CSR for the FY 2016-17 is ₹2.83 Crores which is 2.14% of profit after tax.
5.	Activities in which in point 4 above has been incurred	1. Rural Development 2. Health Care 3. Environment Sustainability 4. Education 5. Reducing inequalities faced by socially and economically backward class Refer Principle 8 of inclusive growth for further details.

Section C

Other Details

i. Does the Company have any Subsidiary Company/ Companies?

Yes.

ii. Do the Subsidiary Company/ Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary companies:

Yes. One of its subsidiary company Economic Explosives Limited participates in BR initiatives along with Solar Industries India Limited.

iii. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company?

The Company does not mandate its suppliers/distributors to participate in the Company's BR initiatives. However, they are encouraged to adopt such practices and follow the concept of being a responsible business.

Section D

BR Information

i. Details of Director/Directors responsible for BR

a) Details of the Director/Directors responsible for implementation of the BR policy/policies :

Sr. No.	Particulars	Details
1	DIN	00164388
2	Name	Shri Manish Nuwal
3	Designation	Managing Director and Chief Executive Officer

b) Details of the BR head:

Sr. No.	Particulars	Details
1	Name	Mrs. Khushboo Pasari
2	Designation	Company Secretary & Compliance Officer
3	Telephone Number	(+91) 712-6681870
4	E-mail Id	cs@solargroup.com brr@solargroup.com

Business Responsibility Policies and Guidelines:

The Company has aligned its policies and guidelines with the principles enunciated under the Business Responsibility Reporting framework on social, environmental and economic responsibilities of business. The context of the BR principles is embodied in the Policies and Code of Conduct adopted by the Company, implementation of which is ensured through well-established systems and processes.

Company has made a 'BRR Manual' briefing on each principle of NVG guidelines. The manual has the policies framed under each principle and the details of the activities which the Company conducts or can conduct as its Business Responsibility initiatives.

Solar's Policies Aligned with Business Responsibility Principles :

Principle	Business Responsibility Principles	Relevant Policies
1.	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability	<ul style="list-style-type: none"> • Code of Conduct • Whistle Blower Policy • Anti Bribery Policy • Code of Fair Disclosure of Unpublished Price Sensitive Information
2.	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle	<ul style="list-style-type: none"> • Policy on Product responsibility and Life-cycle Sustainability • Policy on Environment, Health and Safety
3.	Businesses should promote the well-being of all employees	Policy on Employee Well-Being

Principle	Business Responsibility Principles	Relevant Policies
4.	Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised	Policy on Stakeholder Engagement
5.	Businesses should respect and promote human rights	Policy on Human Rights
6.	Businesses should respect, protect, and make efforts to restore the environment	Policy on Environment, Health and Safety
7.	Businesses when engaged in influencing public and regulatory policy, should do so in a responsible manner	Policy on Responsible advocacy
8.	Businesses should support inclusive growth and equitable development	Policy on Corporate Social Responsibility
9.	Businesses should engage with and provide value to their customers in a responsible manner	Policy on Responsibility towards Customers and their Engagement

ii. Principle-wise (as per NVGs) BR policy/policies:

Details of compliance (Reply in Y - Yes/N- No)

Sr No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy/policies for	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	All the policies have been formulated in consultation with management of the company and is approved by the Board.								
3.	Does the policy confirm to any national / international standards? If yes, specify?	(The policies are based on NVG, in addition to conformance to the spirit of international standards like ISO 9001:2000 and ISO 14000:2004, OHSAS 18001)								
4.	Has the policy being approved by the Board? If yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Yes all the Policies have been approved by the Board & have been signed by the Managing Director of the Company.								
5.	Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6.	Indicate the link for the policy to be viewed online	All the policies are available at company's website at: www.solargroup.com								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	The policies have been communicated to Solar's internal and external stakeholders.								
8.	Does the Company have in-house structure to implement the policy/ policies?	Yes, the Sustainability Compliance Review Committee (SCRC), sub committee of the Corporate Social Responsibility committee is responsible for the implementation of Solar's BRR policies.								
9.	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Yes, any grievance or feedback can be sent to brr@solargroup.com								
10.	Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Yes. The Company internally carried out evaluation of the working of BRR cum sustainability policies by its Sub committee – Sustainability Compliance & Review Committee (SCRC).								

iii. Governance related to Business Responsibility (BR):

Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year:

The Board of Directors of the Company, either directly or through its Committees, assesses various initiatives forming part of the BR performance of the Company on a periodic basis. The CSR Committee meets every quarter to review implementation of the projects/ programmes/ activities to be undertaken in the field of CSR. Other supporting functions/ groups like Sustainability, meet on a periodic basis to assess the BR performance.

Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published? :

Business Responsibility Report is applicable for the first time to the Company and is part of the Annual Report. It is also available on the Company's website www.solargroup.com.

Section E

Principle - Wise Performance

Principle 1: Ethics, Transparency and Accountability

Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

Our philosophy is to conduct the business with high ethical standards in our dealings with all the stakeholders that include employees, customers, suppliers, government and the community. Any business without ethics cannot win the trust of the stakeholders. We have enacted a "Code of Conduct" and with the underlying philosophy of conducting our business in an ethical manner as enshrined by our values and beliefs. This helps in creating a work environment that is conducive to our employees and our associates. The Code sets out the guidelines to be followed by each member of Solar group.

Our Company also has a Whistle Blower Policy which allows employees to bring to the attention of the Management, promptly and directly, any unethical behavior, suspected fraud or irregularity in the Company practices.

Solar is committed to conduct business with integrity and ensuring adherence to all laws and regulations and achieving high standards of Corporate Governance. The Company has set the highest standards in transparency to not just maintain but also grow the confidence of all its stakeholders.

Information with reference to BRR framework:

1) Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs/ Others?

The Company has adopted the 'Code of Conduct', which lays down the principles and standards that should govern the actions of the employees in the course of conduct of business of the Company.

The Company Policy relating to 'Anti-Bribery' extends all individuals working for the company anywhere in the world at all levels and grades, including but not limited to senior managers, officers, directors, employees or any other persons associated with SILL wherever located.

In order to further strengthen its Internal Controls for prevention of Insider Trading, the Company has, Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information.

2) How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

No complaints relating to ethics, bribery and corruption were received during the FY 2016-17.

Principle 2: Product Life Cycle Sustainability

Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

Our robust commitment to ensure compliance with relevant standards of health and safety commences at the initial stage, where in appropriate health and safety elements across manufacturing, delivery and consumption are identified and evaluated.

Creating sustainable products is a part of SILL's endeavor towards responsible product stewardship. The company aims to make it's products safe and environment friendly.

Information with reference to BRR framework:

1) List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/ or opportunities.

i. **Dust Suppressor:** This a chemical which has been made to suppress the dust generated in opencast mines by the movement of heavy vehicles. Normally in mines 8 to 10 tanker loads of water is sprayed per shift, to suppress the dust. With the usage of this chemical at 2% level mixed with water, the usage of scarce natural resource, water, is reduced to 2 tanker loads per shift.

ii. **Supercal 5:** This product has been developed exclusively for use in underground highly gassy coal mines. Because of the presence of highly inflammable methane gas in some mines, the need was felt to develop a product which could be safely used in these mines .In the absence of such a product, methane gas explosions have been known to take place with the possibility of high fatalities. Special chemicals have been used in the product which helps to suppress any flame that may be created during explosion of the product that preventing any ignition of the methane gas in the mine.

iii. **Multi- Layer Shock Tube:** The following are the advantages of using Multi- Layer non-electric shock tube system:

- Non- Electric Initiation System using Shock Tube produces much less noise as compared to conventional system of blasting.
- Ground vibration due to blasting is reduced.
- By using this system, the occurrence of fly-rocks are reduced greatly.

2) For each such product, provide the following details in respect of resource use (energy, water, raw material etc.)

per unit of product (optional):

- i. Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?

As a global leader, Solar's Constant endeavour is to address concerns towards the environment and the Society imbibes the same in its business processes.

Company has decided to change all old lights with LED. Process is already started and all the new facilities have been equipped with LED lights only.

All the process motors have been attached the VFD to reduce the power consumption in every unit of product. Spent acid (WNA) generated from the manufacturing plant is used to manufacture Products which are used as raw material for making explosives.

- ii. Reduction during usage by consumers (energy, water) has been achieved since the previous year?

The Company has taken various Initiatives & responsible care to reduce the energy consumption during the manufacturing process.

We have zero discharge plant and all the ETP and STP water is recycled and made useful for gardening and steam boiler. All the condensate water recovered from the steam line traps is transferred back to the boiler for reuse. This is resulting considerable amount of reduction of water consumption and heat energy.

- 3) Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainability? Also, provide details thereof, in about 50 words or so.

Sustainable sourcing at SILL represents contribution to the Energy management, Environment responsibility, Occupational Health & safety and Social networking. The company has ISO 14001 to cover the environmental management system to effectively manage its activities like manufacturing, storage and use of explosives and chemicals. To improve the protection of human health working inside the factory as well nearby areas SILL has adopted the approach of OSHAS 18001.

Company has incorporated many materials handling equipment's to reduce the load of work force and utilise their energy in the development of the process and productivity.

The products are designed and are tested for their environmental aspects by the authorised scientific laboratories and only after clearance the products are used in the mines.

- 4) Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

The company encourages the procurement of goods and services from local and small producers surrounding its plant locations. Our contractors, who are engaged in operation and other works of plants mostly employee workmen from the

near by the villages. Company is also committed to improve the vendors OSHAS requirements across all its plant locations. Some of the vendors specifically developed their process to suit our requirements and we have adopted these processes specially for packaging materials.

- 5) Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

The company has policy to generate minimum waste from the process. We recycle most of the wastages and some of them have to be destroyed being explosives in nature. SILL uses the bi products for making useful raw materials to be used in the process of other products. We follow the guidelines of Explosives Rules 2008 and Common Hazardous Waste Treatment, Storage & Disposal facilities authorised by the Central Pollution Board. We have mechanism to separate the explosives and non explosives wastes in the process.

Principle 3: Employee's Well-Being

Businesses should promote the well-being of all employees

Employee well-being and maintaining the work-life balance requirements has been of paramount significance to solar. Policy on 'Employee Well-Being', which also covers 'Diversity and Equal Opportunity', 'Freedom of Association', among others, guide the management approach on specific elements of the Company's work practices. The Company is an equal opportunity employer and makes employment decisions based on merit and business needs.

Information with reference to BRR framework:

Sr. No.	Questions	Information
1	Please indicate the Total number of employees	1880
2	Please indicate the Total number of employees hired on temporary/ contractual/ casual basis	2673
3	Please indicate the Number of permanent women employees	155
4	Please indicate the Number of permanent employees with disabilities	12
5	Do you have any Employees association that is recognised by the management	There is one employees association that is recognised by the management as well as Industrial Court. Solar respects the rights of employees to free Association and representation.
6	What percentage of your permanent employees is members of this recognised employee association?	Almost, all the workers are members of the recognised employee associations (unions).

7. Details of complaints filed during the financial year are as follows:

Sr. No.	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
1	Child labour/ forced labour / involuntary labour	Nil	Nil
2	Sexual harassment	Nil	Nil
3	Discriminatory employment	Nil	Nil

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

SIIL has been accredited OHSAS-18001:2007 & ISO 14001:2004 by DNV-GL and audits have been conducted internally by trained lead auditor as well as by external

auditors of certification agency. During FY2016-17 the Company provided safety & skill up-gradation training to almost 90% of the concerned employees including casual employees, employees with disabilities those are exposed to hazardous manufacturing process.

Employee training and development being an essential element of Solar's people strategy, Solar imparted 3.010 million man hours of training in its workplace.

Principle 4: Stakeholders Engagement

Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised

Stakeholder engagement helps your Company in decision making, in delivering Solar commitments, in strengthening relationships and succeeding in the business.

Information with reference to BRR framework:

1. Has the company mapped its internal and external stakeholders?

We have mapped our internal and external stakeholders in a structured way and carry out engagements with them on a regular and ongoing basis. Regular engagement and transparency in action, we believe, builds trust and trust nurtures relationships.

Our key stakeholders are:

Sr. No.	Stakeholder	Nature	Medium of Engagement
1	Government and regulatory authorities	External	■ Industry Bodies / Forums
2	Employees	Internal	■ Sharing information via the Intranet, emails and other methods ■ Conferences with employee groups ■ Meetings, Training
3	Customers	External	■ Customer Satisfaction Feed backs, Survey, etc
4	Suppliers	External	■ Dialogue through day-to-day business activities ■ Conferences and meetings ■ Plant visits
5	Society and Local Community	External	■ Visits, programs, camps
6	Investors and shareholders	External	■ Annual General Meeting ■ Investor meets and Annual report ■ Financial Results briefings

2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalised stakeholders?

Yes. The Company has identified the disadvantaged, vulnerable & marginalised stakeholders.

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalised stakeholders. If so, provide details thereof, in about 50 words or so.

Solar has taken the path of inclusive development to address the societal issues and engage the disadvantaged, vulnerable and marginalised stakeholders.

We have already engaged some employees in our Company who are handicapped. We are planning to engage and empower them in future also.

Principle 5: Human Rights

Businesses should respect and promote human rights

Respecting human rights is fundamental to our values, policies and business strategy. We equally focus on building awareness around promotion of human rights. The organisation maintains engaging and transparent relations with all its members, associates and any related Associations. The organisation has well entrenched guideline led policies and practices to address and redress grievances of any nature.

Information with reference to BRR framework:

1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGO/Others?

The policy is applicable to Solar and its subsidiaries. Solar's Human rights policy covers the guidelines on Right to Equality, Freedom, Cultural and Educational rights and it's applicable to all employees of Solar group.

2. How many stakeholder complaints have been received in the past financial year

and what percent was satisfactorily resolved by the management?

No complaints under exploitation of Human Rights were received during the FY 2016-17.

Principle 6: Environment

Businesses should respect, protect, and make efforts to restore the environment

Information with reference to BRR framework:

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGO /others.

Solar's Environmental Policy is applicable to all its manufacturing locations.

2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for web page etc.

Yes. The Solar Group's 'Environment policy' guide the organisation to continually mitigate the impact on Climate Change and Global Warming as a result of our operations is applicable. The company is committed for ensuring the environmental protection by minimising the pollution, waste and conservation of scarce natural resources. <https://www.solargroup.com/Uploads/Files/PEHS.pdf>

3. Does the company identify and assess potential environmental risks? Y/N

Yes, Aspect/ Impact study of all the plants have been done to assess the potential environmental risk and controlled measures has been provided. The company has been certified by the DNV for Environment Management System – ISO 14001.

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

The company follows the principle of zero discharge effluent outside the

premises and recycling of all sewage water. Also Environmental statement is annually submitted to MPCB.

5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

The company has taken an initiative of elimination of highly hazardous chemical Lead Styphnate. During the manufacturing of the same a very hazardous brown color effluent generated which is not been able to decolorised which is causing high potential environmental risk. Trial has been conducted of replacing this chemical which is much safer and environmental friendly. <https://www.solargroup.com/Uploads/Files/PEHS.pdf>

6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?

Hazardous based waste generated by the company is within the permissible limit and it is being disposed by sending to CHWTSDF (Vidharbha Enviro Protection Ltd.), Butibori which is a government authorised treatment plant.

7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

Nil.

Initiatives / Efforts taken by Company to restore and protect environment sector through its business activities are:

1. Consents to operate granted by MPCB under Water/Air/Hazardous Waste (Management & handling) Rules and duly renewed up to 30.06.2021.
2. MPCB officials visited factory regularly and "Joint Vigilance Samples" JVS conducted and compliance evaluation being done.
3. Environmental monitoring conducted by M/s Earth care

laboratories quarterly for waste water, drinking water, stack and ambient air/noise

4. EIA study under progress by Anacon laboratory, Nagpur

Principle 7: Responsible Advocacy

Businesses when engaged in influencing public and regulatory policy, should do so in a responsible manner

Information with reference to BRR framework:

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:
 - a. SAFEX International
 - b. International society of Explosive Engineers
 - c. Explosive Manufacturers Welfare Association
 - d. Vidharba Chambers of Commerce.
 - e. Vidarbha Industries Association
 - f. Confederation of Indian Industry
 - g. Defence Industry & Initiative Association
2. Have you advocated/ lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

No.

Principle 8: Inclusive Growth

Businesses should support inclusive growth and equitable development.

For growth to be responsible, it should go beyond numbers. It should do good to the society, create a better world. That's the kind of growth that Solar believes in, and constantly strives for. Our stated purpose is to "Make a Difference and adding Value". A firm has to work closely with its ecosystem to create a sustainable & inclusive growth for all.

Information with reference to BRR framework:

1. Does the company have specified programmes / initiatives/ projects in pursuit of the policy related to Principle 8? If yes details thereof.

It's our continuous endeavor to integrate sustainability considerations in all our business decisions. Solar's CSR initiatives can be grouped in

- a. Rural Development
- b. Health Care
- c. Environment
- d. Education
- e. Reducing inequalities faced by socially and economically backward class.

Please refer to 'Annexure D' of Director's Report for more details on CSR Activities.

2. Are the programmes/ projects undertaken through in-house team/ own foundation/ external NGO/ government structures /any other organisation?

Solar collaborates with Government bodies, NGOs and donating agencies to implement community initiatives in the thematic areas of Rural Development, Education, Health, Environment and Welfare of Tribal People.

3. Have you done any impact assessment of your initiative?

Yes, The Company has assessed at some of its previous year's initiatives.

4. What is your company's direct contribution to community development projects Amount in INR and the details of the projects undertaken?

Solar has spent overall ₹2.83 Crores for community development activities under CSR Projects.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

Yes. Initiatives conducted under CSR are tracked to determine the outcomes achieved and benefits accrued to the Community. Internal tracking mechanisms, monthly reports and follow-up field visits, telephonic and email communications are regularly carried out.

Principle 9: Customer Value

Businesses should engage with and provide value to their customers in a responsible manner.

It is the responsibility of the organisation to provide products that satisfactorily meet the customer requirements. Solar has a customer - centric approach.

Information with reference to BRR framework:

1. What percentage of customer complaints/ consumer cases is pending as on the end of financial year?

Company received 25 complaints during the year which were resolved by the end of the Financial Year.

2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/ No/ N.A. /Remarks (additional information)

Solar adheres to all compliance of product information and product labeling.

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

There are no cases filed by any Stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior.

4. Did your company carry out any consumer survey/ consumer satisfaction trends?

Customer Satisfaction is significant to Solar as it ensures the it's overall reputation and brand promise in the geographies it operates in. The Company carries out consumer survey/consumer satisfaction trends through a feedback form.

Independent Auditor's Report

To the
Members of
Solar Industries India Limited

Report on the Standalone financial statements

1. We have audited the accompanying standalone financial statements of Solar Industries India Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and Cash Flow Statement and for the year then ended, and a summary of the significant accounting policies and other explanatory information.
5. We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

Management's Responsibility for the Standalone Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements to give a true and fair view of the financial position, financial performance (including other comprehensive income), statement of changes in equity and the cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the standalone financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
4. We have taken into account the provisions of the Act and the Rules made there under including the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, and its profit (including other comprehensive income), statement of changes in equity and its cash flows for the year ended on that date.

Other Matter

9. The comparative financial information of the Company for the year ended March 31, 2016 and the transition date opening balance

sheet as at April 1, 2015 included in these standalone financial statements, are based on the previously issued statutory financial statements for the years ended March 31, 2016 and March 31, 2015 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by us, on which we expressed an unmodified opinion dated May 16, 2016 and May 25, 2015 respectively. The adjustments to those financial statements for the differences in accounting principles adopted by the Company on transition to Ind AS have been audited by us.

Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory requirements

10. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act ("the Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the "Annexure-B" a statement on the matters specified in paragraphs 3 and 4 of the Order.
11. As required by Section 143 (3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c. The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d. In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
 - e. On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

- f. With respect to the adequacy and operating effectiveness of the internal financial controls over financial reporting of the Company, refer to our separate Report in "Annexure-A" to this report.
- g. With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
 - I. The Company has disclosed the impact, if any, of pending litigations as at March 31, 2017 on its financial position in its standalone financial statements.
 - II. The Company has long-term contracts including derivative contracts for which there were no material foreseeable losses.
 - III. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended March 31, 2017.
 - IV. The Company has provided requisite disclosures in the standalone financial statements as to holding as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016, on the basis of information available with the Company. Based on audit procedures, and relying on management's representation, we report that disclosures are in accordance with the books of accounts maintained by the Company and as produced to us by the Management.

For **Gandhi Rathi & Co.**

Chartered Accountants

Firm's Registration Number: 103031W

C.N. Rathi

Partner

Membership No. 39895

Place: Nagpur

Date : May 29, 2017

Annexure A to the Auditor's Report

"Annexure A" referred to in the Independent Auditor's report of even date on the standalone financial statements of Solar Industries India Limited

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

1. We have audited the internal financial controls over financial reporting of Solar Industries India Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial

controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

6. A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that
 - a. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
 - b. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
 - c. provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility

of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has maintained, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31,

2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

For **Gandhi Rathi & Co.**
Chartered Accountants
Firm's Registration Number: 103031W

C.N. Rathi
Partner
Membership No. 39895

Place: Nagpur
Date : May 29, 2017

Annexure B to the Auditor's Report

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

Re: Solar Industries India Limited ("the Company")

- i.
 - (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
 - (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies have been noticed on such verification.
 - (c) According to the information and explanation given by the management, the title deeds of immovable properties included in Property, plant and equipment are held in the name of the Company.
 - ii. The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification.
 - iii. The Company has granted unsecured loans to eight bodies corporate covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act').
 - (a) In respect of the aforesaid loans, the terms and conditions under which such loans were granted are not prejudicial to the Company's interest. The borrowers have been regular in the payment of the interest as stipulated. The terms of arrangements do not stipulate any repayment schedule and the loans are repayable on demand.
 - (b) There are no overdue amounts for more than 90 days in respect of the loans granted to the bodies corporate listed in the register maintained under section 189 of the Act.
 - iv. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, in respect of the loans and investments made, and guarantees and security provided by it.
 - v. In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits to which the provisions of Sections 73, 74, 75 and 76 or any other relevant provisions of the Act and the Rules framed there under to the extent notified. Accordingly clause 3 (v) of the Order is not applicable to the Company.
 - vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
 - vii. a. According to the information and explanations given to us and the records of the Company examined by us, in our opinion, undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, local body tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities though there has been slight delay in few cases.
 - b. According to the information and explanations given to us, no undisputed dues payable in respect of provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, local body tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

- c. According to the information and explanations given to us and the records of the Company, the dues outstanding of income-tax, duty of excise, Sales Tax on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount under dispute not deposited (Rupees)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Excise duty	31,081,994	2000 - 2008	CESTAT, Mumbai
Central Excise Act, 1944	Excise duty	1,806,720	2011 - 2015	Commissioner (Appeal), Nagpur
Central Excise Act, 1944	Excise duty	103,508	2012 - 2013	Commissioner(Appeal), Bhubneshwar
Central Sales Tax Act, 1956	CST	101,967,858	2009 - 2013	Sales Tax Tribunal
Sales Tax Act	VAT	9,082,964	2006 - 2007, 2008 - 2009	Deputy Commissioner of Sales Tax, Satna
Sales Tax Act	CST	1,235,399	2006 - 2007, 2008 - 2009	Deputy Commissioner of Sales Tax, Satna
Sales Tax Act	Entry Tax	209,491	2006 - 2007	Deputy Commissioner of Sales Tax, Satna
Sales Tax Act	Entry Tax	82,848	2013 - 2014	Deputy Commissioner of Sales Tax, Satna
Sales Tax Act	VAT	3,635,642	2013 - 2016	Deputy Commissioner of Sales Tax, Jharsugda

- viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to bank or Government as at the balance sheet date. The Company did not have any outstanding dues in respect of financial institutions and debenture holders.
- ix. In our opinion and according to the information and explanations given by the management, the Company has utilised the monies raised by way of term loans for the purposes for which they were raised. The Company has not raised money by way of Initial Public offer or further public offer.
- x. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. As per the information provided managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V to the Companies Act.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the notes to the standalone financial statements, as required by the applicable Indian accounting standards.
- xiv. According to the information and explanations given to us and on an overall examination of the Balance Sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv. According to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with him as referred to in section 192 of the Act. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For **Gandhi Rathi & Co.**

Chartered Accountants

Firm's Registration Number: 103031W

C.N. Rathi

Partner

Membership No. 39895

Place: Nagpur

Date : May 29, 2017

Balance Sheet

As at March 31, 2017

(All amounts in ₹ Crores, unless otherwise stated)

	Notes	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
ASSETS				
Non-current assets				
Property, plant and equipment	3	403.82	351.07	287.64
Capital work-in-progress	3	15.97	12.12	20.34
Financial assets				
Investments	4	58.24	60.80	59.26
Loans	5	103.53	92.72	79.83
Other financial assets	6	21.55	15.77	12.91
Current tax assets (net)		2.16	9.32	23.36
Other non-current assets	9	8.73	12.00	8.15
Total non-current assets		614.00	553.80	491.49
Current assets				
Inventories	10	77.83	69.46	46.30
Financial assets				
Investments	4	44.25	5.55	0.23
Trade receivables	7	172.63	132.33	143.73
Cash and cash equivalents	8	8.19	2.21	2.12
Bank balances other than cash and cash equivalents	8	1.51	4.11	16.87
Loans	5	57.37	69.16	29.80
Other financial assets	6	40.64	41.67	32.47
Other current assets	9	27.72	21.49	19.40
Total current assets		430.14	345.98	290.92
Total assets		1,044.14	899.78	782.41
EQUITY AND LIABILITIES				
Equity				
Equity share capital	11	18.10	18.10	18.10
Other equity		640.53	530.19	489.95
Total equity		658.63	548.29	508.05
Liabilities				
Non-current liabilities				
Financial Liabilities				
Borrowings	12	80.30	96.67	78.30
Deferred tax liabilities	14	68.12	58.48	40.84
Total non-current liabilities.		148.42	155.15	119.14
Current liabilities				
Financial liabilities				
Borrowings	13	99.00	56.78	60.11
Trade payables	15	40.39	77.88	50.58
Other financial liabilities	16	79.57	39.14	29.27
Other current liabilities	17	18.13	22.54	15.26
Total current liabilities		237.09	196.34	155.22
Total liabilities		385.51	351.49	274.36
Total equity and liabilities		1,044.14	899.78	782.41
Summary of significant accounting policies	2.2			

The Accompanying Notes Form An Integral Part of The Standalone Financial Statements

As per our report of even date attached

For **Gandhi Rathi & Co.**
Chartered Accountants
Firm's Registration Number: 103031W

C. N. Rathi
Partner
Membership No.39895

Place: Nagpur
Date : May 29, 2017

For and on behalf of the Board of Directors of
Solar Industries India Limited

S.N. Nuwal
Chairman

Khushboo Pasari
Company Secretary

Manish Nuwal
Managing Director &
CEO

Nilesh Panpaliya
Chief Financial Officer

Statement of Profit and Loss

for the year ended March 31, 2017

(All amounts in ₹ Crores, unless otherwise stated)

	Notes	Year ended March 31, 2017	Year ended March 31, 2016
Continuing operations			
Revenue from operations	18	1,253.22	1,125.40
Other income	19	13.38	13.82
Total income		1,266.60	1,139.22
Expenses			
Cost of materials consumed	20	678.57	640.84
Purchases of Traded Goods		76.07	61.21
Changes in inventories of work-in-progress, stock-in-trade and finished goods	21	(1.79)	(2.85)
Excise duty		115.91	109.04
Employee benefit expense	22	54.35	43.41
Depreciation expense		19.28	17.72
Other expenses	23	113.27	89.51
Finance costs	24	13.79	7.66
Total expenses		1,069.45	966.54
Profit before tax		197.15	172.68
Tax expense :			
- Current tax	25	54.69	55.23
- Deferred tax	25	9.88	8.59
Total tax expense		64.57	63.82
Profit for the year		132.58	108.86
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligations		(0.71)	-
Income tax relating to these items		0.25	-
Total Other comprehensive income for the year, net of tax		(0.46)	-
Total comprehensive income for the year		132.12	108.86
Earnings per equity share			
Basic and Diluted earnings per share	26	14.60	12.03
[Nominal value of ₹2 each (Previous year: ₹10)]			
Summary of significant accounting policies	2.2		

The Accompanying Notes Form An Integral Part of The Standalone Financial Statements

As per our report of even date attached

For **Gandhi Rathi & Co.**
Chartered Accountants
Firm's Registration Number: 103031W

C. N. Rathi
Partner
Membership No.39895

Place: Nagpur
Date : May 29, 2017

For and on behalf of the Board of Directors of
Solar Industries India Limited

S.N. Nuwal
Chairman

Khushboo Pasari
Company Secretary

Manish Nuwal
Managing Director &
CEO

Nilesh Panpaliya
Chief Financial Officer

Cash Flow Statement

for the year ended March 31, 2017

(All amounts in ₹ Crores, unless otherwise stated)

	Year ended March 31, 2017	Year ended March 31, 2016
Cash flow from operating activities		
Profit before tax	197.15	172.68
Adjustments for:	-	-
Depreciation expense	19.28	17.72
Gain on disposal of property, plant and equipment	(0.01)	(0.08)
Net gain on financial assets mandatorily measured at fair value through profit or loss	(1.38)	(0.37)
Profit on sale of financial assets carried at fair value through profit or loss	(1.91)	(0.72)
Dividend and interest income	(9.62)	(9.03)
Finance costs	13.79	7.66
Remeasurements of post-employment benefit obligations	(0.71)	-
Impairment on property plant and equipment	0.65	-
Impairment loss on Trade Receivables	2.24	2.07
Impairment loss on Investment	0.98	-
Operating profit before working capital changes	220.46	189.93
Adjustments for:		
(Increase)/ decrease in trade receivables	(42.53)	9.33
(Increase) in inventories	(8.37)	(23.15)
(Decrease)/ Increase in trade payables	(37.49)	27.30
(Increase) in other financial assets (excluding derivatives)	(10.91)	(6.88)
(Increase) in other assets	(2.97)	(5.93)
(Decrease)/ Increase in other current liabilities	(4.41)	7.28
(Increase) in other financial liabilities (excluding derivatives)	47.05	8.30
Cash generated from operations	160.83	206.18
Income taxes paid	47.59	32.16
Net cash inflow from operating activities	113.24	174.02
Cash flows from investing activities		
Payment for purchase of property, plant and equipment	(76.75)	(74.75)
Proceeds from sale of property, plant and equipment	0.24	1.90
Loans repaid/ (given)	0.97	(52.25)
Proceeds from sale of current investments	(37.32)	(4.95)
Proceeds from sale/ (purchase) of non- current investments	1.58	(1.54)
Proceeds from/(Investment in) Fixed Deposit	2.60	12.75
Dividend and interest income	9.69	9.03
Profit on sale of financial assets carried at fair value through profit or loss	1.91	0.72
Net cash outflow from investing activities	(97.08)	(109.09)

Cash Flow Statement

for the year ended March 31, 2017

(All amounts in ₹ Crores, unless otherwise stated)

	Year ended March 31, 2017	Year ended March 31, 2016
Cash flows from financing activities		
(Repayment of)/ proceeds from non current borrowings	(16.36)	18.37
Proceeds from/ (repayment of) current borrowings	42.21	(3.32)
Interest paid	(13.79)	(7.66)
Fair value changes on derivatives not designated as hedges	(0.46)	(3.61)
Dividends paid to company's shareholders	(21.78)	(68.62)
Net cash inflow (outflow) from financing activities	(10.18)	(64.84)
Net increase (decrease) in cash and cash equivalents	5.98	0.09
Add:- Cash and cash equivalents at the beginning of the financial year	2.21	2.12
Cash and cash equivalents at end of the year - (Note - 8)	8.19	2.21

The Accompanying Notes Form An Integral Part of The Standalone Financial Statements

As per our report of even date attached

For **Gandhi Rathi & Co.**
Chartered Accountants
Firm's Registration Number: 103031W

C. N. Rathi
Partner
Membership No.39895

Place: Nagpur
Date : May 29, 2017

For and on behalf of the Board of Directors of
Solar Industries India Limited

S.N. Nuwal
Chairman

Khushboo Pasari
Company Secretary

Manish Nuwal
Managing Director &
CEO

Nilesh Panpaliya
Chief Financial Officer

Statement of changes in equity

(All amounts in ₹ Crores, unless otherwise stated)

A. Equity share capital

	Notes	No of Shares	Amount
As at April 1, 2015		1,80,98,011	18.10
Changes in equity share capital	11	-	-
As at March 31, 2016		1,80,98,011	18.10
Changes in equity share capital	11	72,392,044	
As at March 31, 2017		90,490,055	18.10

B. Other equity

	Reserves and surplus				Other Comprehensive Income	Total other equity
	Securities premium reserve	Retained earnings	Capital Reserve	General Reserve	Remeasurement of defined benefit, liabilities / assets	
Balance at April 1, 2015	149.13	195.48	4.29	156.60	-	505.50
Ind AS adjustments on first time adoption (Refer note no. 35)	-	(15.55)	-	-	-	(15.55)
Balance at April 1, 2015 after Ind AS Adjustment	149.13	179.93	4.29	156.60	-	489.95
Profit for the year	-	108.86	-	-	-	108.86
Other comprehensive income	-	-	-	-	-	-
Transfer from retained earnings	-	-	-	45.00	-	45.00
Transfer to General reserve	-	(45.00)	-	-	-	(45.00)
Transactions with owners :						-
Interim Dividends of FY 2015-16	-	(40.72)	-	-	-	(40.72)
Tax on Interim Dividend of FY 2015-16	-	(8.29)	-	-	-	(8.29)
Dividend of FY 2014-15	-	(16.29)	-	-	-	(16.29)
Tax on Dividend of FY 2014-15	-	(3.32)	-	-	-	(3.32)
Balance at March 31, 2016	149.13	175.17	4.29	201.60	-	530.19

Statement of changes in equity

(All amounts in ₹ Crores, unless otherwise stated)

B. Other equity

	Reserves and surplus				Other Comprehensive Income	Total other equity
	Securities premium reserve	Retained earnings	Capital Reserve	General Reserve	Remeasurement of defined benefit, liabilities / assets	
Balance at April 1, 2016	149.13	175.17	4.29	201.60	-	530.19
Profit for the year	-	132.58	-	-	-	132.58
Other comprehensive income	-	-	-	-	(0.46)	(0.46)
Transfer from retained earnings	-	-	-	45.00	-	45.00
Transfer to General reserve	-	(45.00)	-	-	-	(45.00)
Transactions with owners :						-
Interim Dividends of FY 2016-17	-	(18.10)	-	-	-	(18.10)
Tax on Interim Dividend of FY 2016-17	-	(3.68)	-	-	-	(3.68)
Balance at March 31, 2017	149.13	240.97	4.29	246.60	(0.46)	640.53

The Accompanying Notes Form An Integral Part of The Standalone Financial Statements

As per our report of even date attached

For **Gandhi Rathi & Co.**
Chartered Accountants
Firm's Registration Number: 103031W

For and on behalf of the Board of Directors of
Solar Industries India Limited

C. N. Rathi
Partner
Membership No.39895

S.N. Nuwal
Chairman

Manish Nuwal
Managing Director &
CEO

Place: Nagpur
Date : May 29, 2017

Khushboo Pasari
Company Secretary

Nilesh Panpaliya
Chief Financial Officer

Notes to financial statements

For the year ended March 31, 2017

Note 1: Corporate Information

Solar Industries India Limited ('the Company') is a company domiciled in India, with its registered office situated in Nagpur. The Company has been incorporated under the provisions of Indian Companies Act and its equity shares are listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) in India. The Company is primarily involved in manufacturing of complete range of industrial explosives and explosive initiating devices. It manufactures various types of packaged emulsion explosives, bulk explosives and explosive initiating systems.

Note 2: Significant accounting policies

2.1 Basis of preparation

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

Statement of compliance

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

The Company's standalone financial statements up to and for the year ended March 31, 2016 were prepared in accordance with the Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act.

As these are the Company's first standalone financial statements prepared in accordance with Indian Accounting Standards (Ind AS), Ind AS 101, First-time Adoption of Indian Accounting Standards has been applied. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company is provided in notes to financial statements.

Current and non-current classification

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

2.2 Summary of significant accounting policies

a. Use of estimates

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

b. Property, Plant and Equipment

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

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

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

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

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

Notes to financial statements

For the year ended March 31, 2017

c. Intangible assets

Intangible assets including software licenses of enduring nature and contractual rights acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Cost comprises the purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use.

Gains or losses arising from disposal of an intangible asset are measured as the difference between the net disposal

proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is disposed.

d. Depreciation and amortisation

Depreciation on Property, Plant and Equipment is provided using the Straight Line Method ('SLM') over the useful lives of the assets estimated by the management. The management estimates the useful lives for the Property, Plant and Equipment as follows:

Assets	Company's estimate of useful life (years)	Useful life as prescribed under schedule II (years)
Buildings:		
Factory buildings	30	30
Other buildings	60	60
Roads (RCC and WBM)	15 to 30	5 to 10
Plant and Machinery:		
Factory Plant and Machinery including KP Machinery	15 to 25	15 to 20
Electrical installation and Lab equipment	10	10
Bulk Deliver System (BDS)	12	8
Furniture and fixtures	8 to 10	10
Vehicles including Pump Trucks	8 to 12	8 to 10
Office equipments and Computers	3 to 6	3 to 6

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

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

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

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

f. Borrowing costs

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

part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

g. Leases

Determining whether an arrangement contains a lease

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

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

Notes to financial statements

For the year ended March 31, 2017

Where the Company is a lessee

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

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

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

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

h. Investments in subsidiaries and associates

Investments in subsidiaries and associates are recognised at cost as per Ind AS 27. Except where investments accounted for at cost shall be accounted for in accordance with Ind AS 105, Non-current Assets Held for Sale and Discontinued Operations, when they are classified as held for sale.

i. Financial instruments :-

i) Investments and other financial assets

Classification

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

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

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

Measurement

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

A. Debt instruments:

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow

characteristics of the asset. The Company classifies its debt instruments into following categories:

1. Amortised cost:

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

2. Fair value through profit and loss:

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

B. Equity instruments:

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

ii) Financial liabilities

Classification

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

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

Measurement

A. Financial liabilities at amortised cost

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

Notes to financial statements

For the year ended March 31, 2017

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

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

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

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

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

- iv) **Impairment of financial assets**

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

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

ECL impairment loss allowance (or reversal) recognised during the period is recognised as income/

expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L.

- j. **Revenue**

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

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

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

- i) **Sale of goods**

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

- ii) **Interest Income**

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

- iii) **Dividends**

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

- k. **Government grants**

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Government grant received in the form of sales tax subsidy has been

Notes to financial statements

For the year ended March 31, 2017

considered as revenue grant and the same has been recognised in the statement of profit and loss.

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

l. Foreign currency translation

i) Functional and presentation currency

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

ii) Transactions and balances

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

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

m. Inventories

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

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

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

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

n. Retirement and other employee benefits

(i) Provident Fund

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

(ii) Gratuity

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

(iii) Leave encashment

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

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

Notes to financial statements

For the year ended March 31, 2017

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

o. Income taxes

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

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

Deferred tax liabilities are recognised for all taxable temporary differences, except deferred tax liability arising from initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, affects neither accounting nor taxable profit/ loss at the time of transaction. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses, except deferred tax assets arising from initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, affects neither accounting nor taxable profit/ loss at the time of transaction. Deferred tax assets are recognised only to the extent that sufficient future taxable income will be available against which such deferred tax assets can be realised.

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

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

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

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

p. Segment reporting

(i) Identification of segment

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

(ii) Segment accounting policies

The Company prepares its segment information in conformity with accounting policies adopted for preparing and presenting the financial statements of the Company as a whole. In accordance with paragraph 4 of Ind AS 108- "Operating Segments" the Company has disclosed segment information only on basis of the consolidated financial statements which are presented together along with the standalone financial statements.

q. Earnings per share (EPS)

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

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

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

Notes to financial statements

For the year ended March 31, 2017

r. 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, in respect of which a reliable estimate can be made. Provisions are determined based on the best estimate required to settle the obligation at the reporting date. If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. These estimates are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

s. Contingent liability

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a

present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably.

t. Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

Notes to financial statements

For the year ended March 31, 2017

(All amounts in ₹ Crores, unless otherwise stated)

Note 3 : Property, plant and equipment

	Freehold Land	Leasehold Land	Buildings	Furniture, fittings and Equipment	Plant and Machinery	Vehicles	Office Equipment	Total	Capital Work-in-progress
Year ended March 31, 2016									
Gross carrying amount									
Gross carrying amount as at April 1, 2015	30.94	0.84	136.92	3.66	163.69	27.67	7.62	371.34	20.34
Additions	3.05	-	21.93	0.35	54.66	2.53	0.44	82.96	-
Disposals	-	-	-	-	(1.74)	(0.97)	-	(2.71)	-
Transfers	-	-	-	-	-	-	-	-	(8.22)
Closing gross carrying amount as at March 31, 2016	33.99	0.84	158.85	4.01	216.61	29.23	8.06	451.59	12.12
Accumulated depreciation									
Accumulated depreciation as at April 1, 2015	-	-	21.27	1.37	39.07	16.83	5.16	83.70	-
Depreciation charge during the year	-	-	3.55	0.43	10.89	1.99	0.86	17.72	-
Disposals	-	-	-	-	(0.17)	(0.73)	-	(0.90)	-
Closing accumulated depreciation as at March 31, 2016	-	-	24.82	1.80	49.79	18.09	6.02	100.52	-
Net carrying amount as at March 31, 2016	33.99	0.84	134.03	2.21	166.82	11.14	2.04	351.07	12.12
Net carrying amount as at March 31, 2015	30.94	0.84	115.65	2.29	124.62	10.84	2.46	287.64	20.34
Year ended March 31, 2017									
Gross carrying amount									
Opening gross carrying amount	33.99	0.84	158.85	4.01	216.61	29.23	8.06	451.59	12.12
Additions	6.58	0.86	17.92	0.15	45.08	1.48	0.83	72.90	3.85
Disposals	-	-	-	-	(0.13)	(0.71)	(0.01)	(0.85)	-
Impairment	-	-	-	-	(0.65)	-	-	(0.65)	-
Closing gross carrying amount	40.57	1.70	176.77	4.16	260.91	30.00	8.88	522.99	15.97
Accumulated depreciation									
Opening accumulated depreciation	-	-	24.82	1.80	49.79	18.09	6.02	100.52	-
Depreciation charge during the year	-	-	4.05	0.44	11.94	2.09	0.76	19.28	-
Disposals	-	-	0.00	0.00	(0.09)	(0.53)	(0.01)	(0.63)	-
Closing accumulated depreciation	-	-	28.87	2.24	61.64	19.65	6.77	119.17	-
Net carrying amount	40.57	1.70	147.90	1.92	199.27	10.35	2.11	403.82	15.97

Notes to financial statements

For the year ended March 31, 2017
(All amounts in ₹ Crores, unless otherwise stated)

Note 4: Investments

Non-current investments

	Face value	Number of Shares/Units			Amount		
		March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015
Unquoted							
Investment carried at Cost							
Investment in Equity instruments in:							
Wholly owned subsidiaries (fully paid up)							
Economic Explosives Limited	₹10	4,800,000.00	4,800,000.00	4,800,000.00	14.50	14.50	14.50
Solar Mines & Minerals Limited	₹10	50,000.00	50,000.00	50,000.00	0.05	0.05	0.05
Solar Mining Resources Limited	₹10	50,000.00	50,000.00	50,000.00	0.05	0.05	0.05
Blastec India Private Limited	₹100	498,766.00	498,766.00	-	0.50	0.50	-
Emul Tek Private Limited	₹10	4,977,700.00	4,977,700.00	-	0.80	0.80	-
Solar Defence Limited	₹10	50,000.00	50,000.00	-	0.05	0.05	-
Solar Defence System Limited	₹10	50,000.00	-	-	0.05	-	-
Solar Overseas Mauritius Limited	USD 100	85,000.00	85,000.00	85,000.00	38.82	38.82	38.82
					54.82	54.77	53.42
Investment carried at Cost							
Investment in Equity instruments of Associates :							
SMS Bhatgaon Mines Extension Private Limited	₹10	490,000.00	490,000.00	490,000.00	0.49	0.49	0.49
Solar Bhatgaon Extension Mines Private Limited	₹10	490,000.00	490,000.00	490,000.00	0.49	0.49	0.49
Provision for Impairment					-0.98	-	-
					-	0.98	0.98
Investment carried at Fair Value through Profit or Loss							
Investment in Equity instruments of Others							
Rainbow Production Limited	₹10	-	-	250,000.00	-	-	0.25
Ganga Care Hospital Limited	₹10	110,000.00	110,000.00	110,000.00	0.11	0.11	0.11
					0.11	0.11	0.36
Investment in Venture Capital Fund (Unquoted)							
Kotak India Growth Fund II	₹100,000	500.00	500.00	500.00	3.31	4.94	4.50
Investment in government securities							
					58.24	60.80	59.26
Aggregate amount of unquoted investments					58.24	60.80	59.26

Notes to financial statements

For the year ended March 31, 2017

(All amounts in ₹ Crores, unless otherwise stated)

Note 4: Investments (Contd...)

Current investments

	Face value	Number of Shares/Units			Amount		
		March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015
Quoted							
Investment in equity instruments of (fully paid-up) :							
Premier Explosives Limited	₹10	-	-	13,347.00	-	-	0.10
Jai Corporation Limited	₹1	-	10,200.00	10,200.00	-	0.07	0.05
Reliance Industrial Infrastructure Limited	₹10	987.00	987.00	987.00	0.05	0.04	0.05
Tata Iron Steel Co Limited	₹10	-	1,000.00	1,000.00	-	0.03	0.03
Murlis Industries Limited*	₹2	5,331.00	5,331.00	5,331.00	-	-	-
IDFC Limited	₹10	10,900.00	38,000.00	-	0.06	0.15	-
IDFC Bank Limited	₹10	9,480.00	38,000.00	-	0.06	0.18	-
Mukand Limited	₹10	30,930.00	-	-	0.26	-	-
Sunil Hitech Engineers Limited	₹1	116,000.00	-	-	0.14	-	-
HDFC Growth Plan	₹10	-	62,133.87	-	-	1.92	-
HDFC Prudence Fund-Direct Plan-Growth Option	₹10	106,465.98	-	-	5.02	-	-
Reliance Regular Saving Fund-Balanced Plan-Direct Growth Option	₹10	1,249,774.38	-	-	6.20	-	-
Reliance Regular Saving Fund-Debt Plan-Direct Growth Plan	₹10	2,808,325.21	1,528,935.25	-	6.60	3.16	-
ICICI Prudential Liquid - Direct Plan - Growth	₹10	124,689.06	-	-	3.00	-	-
Birla Sun Life Balanced '95 Fund-Growth Direct Plan	₹10	29,969.92	-	-	2.13	-	-
Birla Sun Life Balanced '95 Fund-Growth Regular Plan	₹10	33,837.34	-	-	2.31	-	-
Birla Sun Life Cash Manager-Growth Direct Plan	₹10	123,280.30	-	-	5.00	-	-
SBI Magnum Balanced Fund-Regular Growth	₹10	201,216.56	-	-	2.20	-	-
SBI Magnum Balanced Fund-Direct Growth	₹10	185,570.81	-	-	2.10	-	-
Kotak Balance Direct Plan Growth	₹10	898,773.31	-	-	2.12	-	-
Kotak Liquid Direct Plan Growth	₹10	6,069.42	-	-	2.00	-	-
Franklin India Treasury Management Account-Super Institutional Plan-Direct-Growth	₹10	20,567.58	-	-	5.00	-	-
					44.25	5.55	0.23
Aggregate amount of quoted investments and market value thereof					44.25	5.55	0.23

* Amount is less than ₹1 lakh in March 31, 2016.

Notes to financial statements

For the year ended March 31, 2017
(All amounts in ₹ Crores, unless otherwise stated)

Note 5: Loans

	March 31, 2017		March 31, 2016		April 1, 2015	
	Current	Non-Current	Current	Non-Current	Current	Non-Current
Unsecured, considered good						
Loan to associates (refer note 30)	1.02	-	0.90	-	0.81	-
Loan to subsidiaries/ step down subsidiaries (refer note 30)	32.49	31.61	35.90	20.66	6.98	6.05
Loans to Employees	-	-	-	-	0.02	-
Loan to Other	23.86	56.05	32.36	56.04	21.99	56.03
Secured considered Good						
Loan to others	-	15.87	-	16.02	-	17.75
	57.37	103.53	69.16	92.72	29.80	79.83

Notes:

- Loans are non derivative financial assets which generate a fixed or variable interest income for the group. The carrying value may be affected by changes in the credit risk of the counterparties.
- Non Current unsecured loans to other includes amounts which are outstanding for more than 12 months and as approved by board, no interest is charged on the same. The Company has filed a litigation against the counterparty for recovery of the said amount. Considering the current arbitration proceedings, management believes that this amount would be recovered in full, however the timing of recovery is uncertain and hence the same is classified as non-current.

Note 6: Other financial assets

	March 31, 2017		March 31, 2016		April 1, 2015	
	Current	Non-Current	Current	Non-Current	Current	Non-Current
Derivative Instruments at fair value through profit or loss						
Foreign-exchange forward contracts	4.46	-	11.78	-	6.60	-
Interest rate swaps	1.16	-	-	-	-	-
	5.62	-	11.78	-	6.60	-
Others						
Sales Tax Receivable	34.99	21.55	29.72	15.77	25.19	12.91
Interest accrued but not due on Fixed Deposit	0.03	-	0.17	-	0.68	-
	35.02	21.55	29.89	15.77	25.87	12.91
	40.64	21.55	41.67	15.77	32.47	12.91

Notes:

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

Note 7: Trade receivables

	March 31, 2017	March 31, 2016	April 1, 2015
Trade receivables	128.71	94.37	105.98
Receivables from related parties (refer note 30)	60.49	52.29	50.01
Less: Allowance for doubtful debts	(16.57)	(14.33)	(12.26)
	172.63	132.33	143.73

Notes to financial statements

For the year ended March 31, 2017
(All amounts in ₹ Crores, unless otherwise stated)

Note 7: Trade receivables (Contd...)

Break-up of security details

	March 31, 2017	March 31, 2016	April 1, 2015
Secured, considered good	5.41	2.78	3.91
Unsecured, considered good	167.21	129.54	139.82
Doubtful	16.57	14.33	12.26
	189.19	146.66	155.99
Allowance for doubtful debts	(16.57)	(14.33)	(12.26)
	172.62	132.32	143.73

Note 8: Cash and bank balances

	March 31, 2017	March 31, 2016	April 1, 2015
Cash and cash equivalents			
Balances with banks			
In current accounts	7.86	1.72	1.47
Cash on hand	0.33	0.49	0.65
	8.19	2.21	2.12

	March 31, 2017	March 31, 2016	April 1, 2015
Other bank balances			
Deposit accounts - with remaining maturity of less than 12 Months	0.14	0.15	16.03
Deposit accounts - held as margin money	1.31	3.81	0.79
Earmarked balances (on unclaimed dividend accounts)	0.06	0.15	0.05
	1.51	4.11	16.87

Note 9: Other Assets

	March 31, 2017		March 31, 2016		April 1, 2015	
	Current	Non-Current	Current	Non-Current	Current	Non-Current
Capital advances	-	5.57	-	8.54	-	5.17
Advances other than capital advances :						
Prepaid gratuity	-	0.72	-	0.77	-	-
Security deposits	-	2.44	-	2.69	-	2.98
Advances to suppliers for goods and services	10.58	-	7.91	-	12.27	-
Advances to staff	0.37	-	0.26	-	0.28	-
Claims receivable	0.16	-	0.01	-	-	-
Balances with revenue authorities	16.61	-	13.31	-	6.85	-
	27.72	8.73	21.49	12.00	19.40	8.15

Notes to financial statements

For the year ended March 31, 2017
(All amounts in ₹ Crores, unless otherwise stated)

Note 10: Inventories

	March 31, 2017	March 31, 2016	April 1, 2015
Raw materials & Packing Materials	54.12	46.89	30.57
Work-in-progress	9.89	9.00	6.72
Finished goods	4.45	3.55	2.85
Traded goods	0.13	-	0.13
Stores and spares	9.24	10.02	6.03
	77.83	69.46	46.30

Note 11: Equity share capital

	Number of Shares			Amount		
	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015
Authorised equity share capital						
(face value ₹10 each)	-	27,000,000	27,000,000	-	27.00	27.00
(face value ₹2 each)	135,000,000	-	-	27.00	-	-
	135,000,000	27,000,000	27,000,000	27.00	27.00	27.00
Issued, Subscribed and fully paid share capital (face value ₹10 each)	-	18,098,011	18,098,011	-	18.10	18.10
Issued, Subscribed and fully paid share capital (face value ₹2 each)	90,490,055	-	-	18.10	-	-
	90,490,055	18,098,011	18,098,011	18.10	18.10	18.10

(a) Movements in equity share capital

	Number of shares			Amount		
	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015
Number of Shares at the beginning of the year	18,098,011	18,098,011	18,098,011	18.10	18.10	18.10
Add: Shares split during the year	72,392,044	-	-	-	-	-
Number of Shares at the end of the year	90,490,055	18,098,011	18,098,011	18.10	18.10	18.10

(b) Terms/ rights attached to equity shares

The Company has one class of equity shares having a par value of ₹2 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(c) Equity shares held by ultimate holding/ holding company and/ or their subsidiaries/ associates

The Company being ultimate holding company, there are no shares held by any other holding, ultimate holding company and their subsidiaries/ associates.

Notes to financial statements

For the year ended March 31, 2017

(All amounts in ₹ Crores, unless otherwise stated)

Note 11: Equity share capital (Contd...)

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

Name of the Shareholder	% holding			Number of Shares		
	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015
Shri Satyanarayan Nuwal	22.48%	22.48%	22.41%	20,343,695	4,068,739	4,055,787
Shri Kailashchandra Nuwal	19.60%	19.60%	19.60%	17,739,095	3,547,819	3,547,819
Smt Indira Devi Nuwal	6.15%	6.15%	6.15%	5,568,230	1,113,646	1,113,646
Smt Leela Devi Nuwal	5.61%	5.61%	5.61%	5,075,940	1,015,188	1,015,188
Smt Sohan Devi Nuwal	5.14%	5.14%	5.14%	4,649,690	929,938	929,938

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

Financial Liabilities

Note 12: Non-current borrowings

	March 31, 2017	March 31, 2016	April 1, 2015
Secured Borrowings carried at amortised cost			
Term loans from Banks			
Foreign currency loan from Banks (USD)	149.09	119.04	94.50
Interest Accrued but not due	0.72	0.50	0.13
	149.81	119.54	94.63
Less: Current maturities of long-term debt (included in note 16)	(68.79)	(22.37)	(16.20)
Less: interest accrued on non-current borrowings (included in note 16)	(0.72)	(0.50)	(0.13)
	80.30	96.67	78.30

Note 13: Current borrowings

	March 31, 2017	March 31, 2016	April 1, 2015
Secured			
From banks			
Foreign currency working capital loan	14.51	-	41.52
Indian Rupee working capital loan	0.18	16.35	4.06
Buyers credit	18.26	-	14.65
Unsecured			
From banks			
Buyers credit	-	32.81	-
Indian Rupee working capital loan	45.00	-	-
From related party	21.15	7.72	-
	99.10	56.88	60.23
Less: Interest accrued on current borrowings (included in note 16)	(0.10)	(0.10)	(0.12)
	99.00	56.78	60.11

Notes to financial statements

For the year ended March 31, 2017
(All amounts in ₹ Crores, unless otherwise stated)

Note 13a: Borrowing

Bank Name	Maturity date	Terms of repayment	March 31, 2017	March 31, 2016	April 1, 2015
Non current Borrowing					
Secured					
Foreign currency term loan from Bank	Sep 11, 2017	Single repayment at the end of the term	19.45	18.25	18.12
Foreign currency term loan from Bank	Jan 12, 2018	Single repayment at the end of the term	20.75	19.68	19.68
Foreign currency term loan from Bank	July 9, 2018	Single repayment at the end of the term	16.11	15.80	-
Foreign currency term loan from Bank	Sep 28, 2018	Repayable in Four equal half yearly installment	18.56	25.04	-
Foreign currency term loan from Bank	March 31, 2020	Repayable in eight equal quarterly installment starting after moratorium period of 12 months	49.90	-	-
Foreign currency term loan from Bank	Aug 31, 2018	Repayable in eight equal half yearly installment	24.32	40.27	56.70
			149.09	119.04	94.50

The above loans from Banks carries an interest rate of LIBOR + 100 bps to LIBOR + 362bps

Bank Name	Maturity date	Terms of repayment	March 31, 2017	March 31, 2016	April 1, 2015
Current Borrowings					
Secured					
Foreign currency working capital loan from Bank	Oct 26, 2017	Single repayment at the end of the term	14.51	-	-
Buyer's credit	June 7, 2017	Single repayment at the end of the term	8.74	-	-
Buyer's credit	April 27, 2017	Single repayment at the end of the term	9.53	-	-
Indian rupee working capital loan from Banks	On Demand	On Demand	0.18	16.35	4.06
Foreign currency working capital loan from Bank	July 04, 2015	Single repayment at the end of the term	-	-	20.99
Foreign currency working capital loan from Bank	July 08, 2015	Single repayment at the end of the term	-	-	20.53
Buyer's credit	May 30, 2015	Single repayment at the end of the term	-	-	14.64
Unsecured					
Indian rupee working capital loan from Bank	April 24, 2017	Single repayment at the end of the term	20.00	-	-
Indian rupee working capital loan from Bank	June 21, 2017	Single repayment at the end of the term	25.00	-	-
Loan from related party	On Demand	On Demand	21.16	7.72	-
Buyer's credit	May 20, 2016	Single repayment at the end of the term	-	7.57	-
Buyer's credit	Sep 08, 2016	Single repayment at the end of the term	-	13.39	-
Buyer's credit	April 07, 2016	Single repayment at the end of the term	-	11.85	-
			99.12	56.88	60.22

The above foreign currency loans and Buyer's credit from Banks carries an interest rate of LIBOR + 30 bps to LIBOR + 436 bps

The Indian rupee working capital loans from Banks and loan from related party carries an interest rate of 6.89% p.a. to 10.00% p.a.

Security

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

Loan covenants

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

The other loans do not carry any debt covenants.

Notes to financial statements

For the year ended March 31, 2017
(All amounts in ₹ Crores, unless otherwise stated)

Note 14: Deferred tax liabilities

The balance comprises temporary differences attributable to:

	March 31, 2017	March 31, 2016	April 1, 2015
Deferred tax liabilities			
Property, plant and equipment	73.82	62.39	54.78
Financial assets at fair value through profit or loss	0.14	0.35	0.20
Derivative Instruments at fair value through profit or loss	0.47	0.31	-
Prepaid Gratuity	0.25	0.26	-
Other Items	-	0.13	-
	74.68	63.44	54.98
Deferred tax assets			
Derivative Instruments at fair value through profit or loss	-	-	(0.93)
Provision for investments in associates	(0.34)	-	-
Trade receivables	(5.74)	(4.96)	(4.17)
Employee benefits payables	(0.48)	-	-
MAT Credit	-	-	(9.04)
	(6.56)	(4.96)	(14.14)
Deferred tax liabilities (net)	68.12	58.48	40.84

Movements in deferred tax liabilities

	Property, plant and equipment and investment property	Financial assets at fair value through profit and loss	Other items	Total
At April 1, 2015	54.78	(0.72)	(13.21)	40.85
Charged/ (credited)				
- to profit or loss	7.61	1.38	(0.40)	8.59
MAT credit utilised	-	-	9.04	9.04
At March 31, 2016	62.39	0.66	(4.57)	58.48
Charged/ (credited)				
- to profit or loss	11.42	(0.05)	(1.48)	9.89
- to other comprehensive income	-	-	(0.25)	(0.25)
At March 31, 2017	73.81	0.61	(6.30)	(68.12)

Note 15: Trade payables

	March 31, 2017	March 31, 2016	April 1, 2015
Current			
Trade payables	40.37	69.52	50.58
Trade payables to related parties (refer note 30)	0.02	8.36	-
	40.39	77.88	50.58

Notes to financial statements

For the year ended March 31, 2017
(All amounts in ₹ Crores, unless otherwise stated)

Note 16: Other financial liabilities

	March 31, 2017	March 31, 2016	April 1, 2015
Current			
Derivative Instruments at fair value through profit or loss			
Foreign-exchange forward contracts	4.27	7.69	3.78
Interest rate swaps	-	3.20	5.54
	4.27	10.89	9.32
Others			
Capital creditors	0.60	1.11	0.27
Current maturities of long term debt	68.79	22.36	16.20
Interest accrued on non-current borrowings	0.72	0.50	0.13
Interest accrued on current borrowings	0.10	0.10	0.12
Liabilities towards employee benefits	5.03	4.04	3.19
Unpaid dividend	0.06	0.14	0.04
	75.30	28.25	19.95
	79.57	39.14	29.27

Note 17: Other current liabilities

	March 31, 2017	March 31, 2016	April 1, 2015
Statutory dues payables	6.71	4.75	4.23
Advances from customers	11.42	17.79	11.03
	18.13	22.54	15.26

Note 18: Revenue from operations

The group derives the following types of revenue:

	March 31, 2017	March 31, 2016
Sale of products (including excise duty)	1210.20	1082.55
Other operating revenue	43.02	42.85
	1,253.22	1,125.40

Note 19: Other income and other gains/(losses)

(a) Other income

	March 31, 2017	March 31, 2016
Interest Income		
On financial assets carried at amortised cost		
From Subsidiaries	5.73	3.39
From Others	3.73	2.89
On Deposits with Bank	0.09	0.27
Profit on sale of financial assets carried at fair value through profit or loss	1.91	0.72
Interest received on income tax refund	0.07	2.48
Dividend income from equity investments designated at fair value through Profit or loss	0.00	0.01
	11.53	9.76

Notes to financial statements

For the year ended March 31, 2017
(All amounts in ₹ Crores, unless otherwise stated)

(b) Other gains/(losses)

	March 31, 2017	March 31, 2016
Net gain on disposal of property, plant and equipment	0.01	0.08
Net gain on financial assets mandatorily measured at fair value through profit or loss	1.38	0.37
Fair value gain on derivatives not designated as hedges	0.46	3.61
	1.85	4.06
Total (a+b)	13.38	13.82

Note 20: Cost of materials consumed

	March 31, 2017	March 31, 2016
Raw materials at the beginning of the year	46.89	30.57
Add: Purchases	685.80	657.16
Less: Raw material at the end of the year	54.12	46.89
	678.57	640.84

Note 21: Changes in inventories of work-in-progress, stock-in-trade and finished goods

	March 31, 2017	March 31, 2016
Changes in inventories	(1.79)	(2.85)

Note 22: Employee benefit expense

	March 31, 2017	March 31, 2016
Salaries, wages and bonus	51.55	41.29
Contribution to provident fund, gratuity	2.07	1.53
Staff welfare expenses	0.73	0.59
	54.35	43.41

Note 23: Other expenses

	March 31, 2017	March 31, 2016
Consumption of stores and spares	7.35	5.04
Excise Duty on Inventory	0.44	0.34
Repairs and maintenance :		
Plant and machinery	4.31	3.46
Buildings	1.18	0.70
Others	4.20	4.23
Power and fuel charges	14.02	13.29
Rates and taxes	2.18	1.51
Legal and professional fees	5.72	3.54
Travel and conveyance	4.77	3.75
Export Expenses	16.16	14.45
Transportation Charges	10.54	8.90
Remuneration to Directors	8.64	7.20
Pump Truck Expenses	5.65	4.46
Security Service Charges	5.53	4.17
Sales Promotion Expenses	1.78	1.10
Donations	2.45	2.16
Advertisement Expenses	0.50	0.46
Advance/ Investment Written Off	0.19	0.25

Notes to financial statements

For the year ended March 31, 2017
(All amounts in ₹ Crores, unless otherwise stated)

Note 23: Other expenses (Contd...)

	March 31, 2017	March 31, 2016
Directors' Sitting Fees	0.09	0.10
Net foreign exchange losses/ (gain)	(0.60)	(1.84)
Impairment loss on Property Plant & Equipment	0.65	-
Impairment loss on Investment	0.98	-
Impairment loss on Trade Receivables	2.24	2.07
Corporate social responsibility expenditure (refer note 23(b) below)	2.83	2.23
Payments to auditors (refer note 23(a) below)	0.54	0.52
Miscellaneous Expenses (includes Printing , Communication , Postage , office expenses etc)	10.93	7.42
	113.27	89.51

Note 23(a): Details of payments to auditors

	March 31, 2017	March 31, 2016
Payment to auditors		
As auditor:		
Audit fee	0.29	0.24
Tax audit fee	0.05	0.05
Limited review	0.01	0.01
In other capacities		
Taxation matters	0.11	0.15
Certification fees	0.04	0.04
Vat audit fees	0.05	0.04
	0.55	0.53

Note 23(b): Corporate social responsibility expenditure

	March 31, 2017	March 31, 2016
Contribution to Revenue Expenditure	2.83	2.23
	2.83	2.23
Amount required to be spent as per Section 135 of the Act	2.74	2.17
Amount spent during the year on		
(i) Construction/acquisition of an asset	-	-
(ii) On purposes other than (i) above	2.83	2.23

Note 24: Finance costs

	March 31, 2017	March 31, 2016
Interest on Borrowings		
To Banks	11.51	7.03
To Related party	2.28	0.63
	13.79	7.66

Notes to financial statements

For the year ended March 31, 2017

(All amounts in ₹ Crores, unless otherwise stated)

Note 25: Tax expense

	March 31, 2017	March 31, 2016
Current tax		
Current tax on profits for the year	54.59	55.79
Adjustments for current tax of prior periods	0.10	(0.56)
	54.69	55.23
Deferred tax		
Decrease (increase) in deferred tax assets	(1.59)	0.13
(Decrease) increase in deferred tax liabilities	11.47	(8.46)
	9.88	8.59
	64.57	63.82

Note 26: Earnings per share (EPS)

	March 31, 2017	March 31, 2016
Basic and Diluted EPS		
Profit attributable to the equity holders of the company used in calculating basic and diluted EPS:	132.12	108.86
Weighted average number of equity shares used as the denominator in calculating basic and diluted EPS	9.05	9.05
Basic and Diluted EPS attributable to the equity holders of the company (₹)	14.60	12.03
Nominal value of shares (₹)	2.00	2.00

Note 27: Group Information

	Name	Principal activities	Country	% Equity interest		
				March 31, 2017	March 31, 2016	April 1, 2015
A	Indian subsidiaries					
1	Economic Explosives Limited	Manufacturing of explosives	India	100.00%	100.00%	100.00%
2	Blastec (India) Private Limited®	Manufacturing of explosives	India	100.00%	100.00%	100.00%
3	Emul Tek Private Limited®	Manufacturing of explosives	India	100.00%	100.00%	100.00%
4	Solar Mines & Minerals Limited	Note 1	India	100.00%	100.00%	100.00%
5	Solar Mining Resources Limited	Note 1	India	100.00%	100.00%	100.00%
6	Solar Defence Limited	Note 1	India	100.00%	100.00%	-
7	Solar Defence Systems Limited#	Note 1	India	100.00%	100.00%	-
B	Overseas subsidiary					
1	Solar Overseas Mauritius Limited	Investment entity	Mauritius	100.00%	100.00%	100.00%
	Overseas step down subsidiaries					
1	Solar Mining Services Pty Limited (a)	Manufacturing of explosives	South Africa	76.00%	74.00%	-
2	Nigachem Nigeria Limited (a)	Manufacturing of explosives	Nigeria	55.00%	55.00%	55.00%
3	Solar Patlayici Maddeler Sanayi Ve Ticaret Anonim Sirketi (b)	Manufacturing of explosives	Turkey	74.50%	74.50%	74.50%
4	Solar Explochem Zambia Limited (a)	Manufacturing of explosives	Zambia	65.00%	65.00%	65.00%
5	Solar Overseas Netherlands Cooperative U.A (c)	Investment entity	Netherlands	100.00%	99.99%	99.99%
6	Solar Overseas Singapore Pte Limited (c)	Investment entity	Singapore	100.00%	100.00%	100.00%
7	Solar Industries Africa Limited (c)	Investment entity	Mauritius	100.00%	100.00%	100.00%
8	Australian Explosive Technologies Group Pty Limited*	Trading of explosives	Australia	76.00%	33.00%	33.00%
9	Solar Overseas Netherlands B.V. (a)	Investment entity	Netherlands	100.00%	100.00%	100.00%
10	Solar Nitro chemicals Limited (d)	Note 1	Tanzania	65.00%	65.00%	65.00%
11	P.T. Solar Mining Services (b)	Note 1	Indonesia	100.00%	100.00%	100.00%

Notes to financial statements

For the year ended March 31, 2017
(All amounts in ₹ Crores, unless otherwise stated)

Note 27: Group Information (Contd...)

	Name	Principal activities	Country	% Equity interest		
				March 31, 2017	March 31, 2016	April 1, 2015
12	Solar Mining Services Australia Pty Limited (e)	Note 2	Australia	80.00%	80.00%	80.00%
13	Solar Explochem (Ghana) Limited (b)	Note 2	Ghana	80.00%	80.00%	80.00%
14	Solar Industries Mozambique LDA (c)	Note 2	Mozambique	100.00%	100.00%	100.00%
15	PATSAN Patlayici Maddeler Sanayi Ve Ticaret Anonim Sirketi (b)	Note 3	Turkey	100.00%	100.00%	100.00%
C	Associates					
1	Solar Bhatgaon Extension Mines Pvt. Limited	Note 1	India	49.00%	49.00%	49.00%
2	SMS Bhatgaon Mines Extension Pvt. Limited	Note 1	India	49.00%	49.00%	49.00%

Note 1: The entity has not commenced its business operations

Note 2: During the financial year under review, in continuation of the efforts to realign the group structure and consolidate the multi layered structure, the Board has decided to dissolve these Companies.

Note 3: Under liquidation

(a) Majority owned and controlled subsidiaries of Solar Overseas Netherlands Cooperatie U.A.

(b) Majority owned and controlled subsidiaries of Solar Overseas Netherlands B.V.

(c) Majority owned and controlled subsidiaries of Solar Overseas Mauritius Limited

(d) Majority owned and controlled subsidiary of Solar Industries Africa Limited

(e) Majority owned and controlled subsidiary of Solar Overseas Singapore PTE Limited

*Subsidiary since September, 2016

@Subsidiary since April, 2015

#Subsidiary since July, 2016

Note 28: Employee Benefit obligations

(i) Post-employment obligations

a) Gratuity

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

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

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

Expense Recognised in Statement of Profit and Loss

	March 31, 2017	March 31, 2016
Service cost	0.35	0.35
Net Interest Cost	(0.06)	-
Expenses Recognised in the statement of Profit & Loss	0.29	0.35

Other Comprehensive Income

	March 31, 2017	March 31, 2016
Opening amount recognised in OCI outside of statement of profit or account	-	-
Actuarial gain / (loss) on liabilities	(0.69)	(0.23)
Actuarial gain / (loss) on assets	(0.02)	-
Closing of amount recognised in OCI outside of statement of profit and loss	(0.71)	(0.23)

Notes to financial statements

For the year ended March 31, 2017
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The amount to be recognised in Balance Sheet Statement

	March 31, 2017	March 31, 2016
Present value of funded obligations	5.32	4.19
Fair value of plan assets	6.04	4.95
Net defined benefit liability / (assets) recognised in balance sheet	(0.72)	(0.76)

Change in Present Value of Obligations

	March 31, 2017	March 31, 2016
Opening of defined benefit obligations	4.19	3.65
Service cost	0.35	0.35
Interest Cost	0.33	0.29
Benefit Paid	(0.25)	(0.34)
Actuarial (Gain)/Loss on total liabilities:	0.69	0.23
Closing of defined benefit obligation	5.31	4.18

Change in Fair Value of Plan Assets

	March 31, 2017	March 31, 2016
Opening fair value of plan assets	4.95	4.67
Actual Return on Plan Assets	0.38	0.38
Employer Contribution	0.96	0.24
Benefit Paid	(0.25)	(0.34)
Closing fair value of plan assets	6.04	4.95

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

	March 31, 2017	March 31, 2016
Investments with insurer (LIC)	100%	100%

The significant actuarial assumptions were as follows :

	March 31, 2017	March 31, 2016
Discount Rate	6.8% per annum	8% per annum
Rate of increase in Compensation levels	7.5% per annum	5% per annum
Rate of Return on Plan Assets	8% per annum	8.14% per annum

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

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

Notes to financial statements

For the year ended March 31, 2017
(All amounts in ₹ Crores, unless otherwise stated)

Sensitivity Analysis

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

	March 31, 2017	Impact (Absolute)	Impact (%)
Base Liability	5.32	-	
Increase Discount Rate by 0.50%	5.13	(0.18)	(3.48%)
Decrease Discount Rate by 0.50%	5.51	0.20	3.73%
Increase Salary Inflation by 1%	5.69	0.37	6.96%
Decrease Salary Inflation by 1%	4.98	(0.33)	(6.25%)
Increase in Withdrawal Assumption by 5%	5.22	(0.09)	(1.78%)
Decrease in Withdrawal Assumption by 5%	5.45	0.14	2.60%

Notes :

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

Note 29: Commitments and contingencies

Capital and other Commitments

	March 31, 2017	March 31, 2016	April 1, 2015
Estimated amount of contracts remaining to be executed on capital account (net of advances)	2.97	5.21	2.65

Contingent liabilities

	March 31, 2017	March 31, 2016	April 1, 2015
Corporate guarantees given by the Company on behalf of its wholly owned overseas subsidiary in respect of loans taken	102.13	104.34	65.62
Performance and financial guarantees given by the Company	79.17	46.02	96.55
Guarantees given by Company's Bankers on behalf of the Company, against sanctioned letter of credit (SBLC's)	106.99	119.25	12.50
Excise demands- matters under dispute (net of deposit made)*	4.92	4.92	5.80
Sales tax deferment	9.47	9.47	9.47
Sales tax demands- matters under dispute*	11.62	8.44	5.99
Income tax demands- matters under dispute*	2.83	3.20	3.03

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

Note 30: Related Party Disclosures

A Names of related parties and related party relationship :

I Subsidiaries and associates

Note no. 27 provides the information about the group's structure including the details of the subsidiaries, step down subsidiaries and associate companies

II Key Management Personnel (KMP)

Shri S.N. Nuwal
Shri K.C. Nuwal
Shri Manish Nuwal
Shri R D Vakil
Shri Anil Kumar Jain
Shri Nilesh Panpaliya
Smt Khushboo Pasari

Notes to financial statements

For the year ended March 31, 2017
(All amounts in ₹ Crores, unless otherwise stated)

Note 30: Related Party Disclosures (Contd...)

III Non executive directors*

Shri Anant Sagar Awasthi
Shri Dilip Patel
Shri Ajai Nigam
Shri Amrendra Verma
Smt Madhu Vij

* Non Executive Independent Directors were only paid sitting fees for attending Board & Board Committee meetings for the year 2016-17.

Company has not entered into any other transactions with its Non Executive Independent Directors or the enterprises over which they have significant influence.

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

Solar Synthetics Private Limited
Commercial Sales Corporation

V Enterprises, over which control or significant influence is exercised by individuals listed in 'II' above (other than IV above)

Solar Initiating Systems Limited
Mahakal Infrastructures Private Limited
Mahakal Project Private Limited
Nagpur Infrastructure Private Limited
Solar Processors (Bhilwara) Limited
Gulmohar Developers and Constructions Private Limited
Sun Developers and Constructions Private Limited
Sunbeam Developers and Constructions Private Limited
Sundrop Realtors Private Limited
Sunland Infracon Private Limited
Sunlight Infraventures Private Limited

VI Other related party

Solar Industries India Limited employee group gratuity assurance scheme
(Post employment benefit plan of the Company)

Refer to Note 28 for information on transactions with post employment benefit plan mentioned above

Notes to financial statements

For the year ended March 31, 2017
(All amounts in ₹ Crores, unless otherwise stated)

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

a. Transactions with related parties

Nature of Transaction	Subsidiaries and step down subsidiaries		Associates		Key Management Personnel		Enterprises, over which control or significant influence is exercised by individuals listed in 'II' above	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Sales of products and services	130.22	88.79	-	-	-	-	-	-
Other operating income	0.21	0.45	-	-	-	-	-	-
Other non operating income (technical consultancy)	0.28	0.24	-	-	-	-	-	-
Sale of fixed assets	0.04	1.65	-	-	-	-	-	-
Project sales	5.36	-	-	-	-	-	-	-
Purchase of raw material and components	71.63	64.89	-	-	-	-	0.15	0.06
Purchase of License	0.96	0.21	-	-	-	-	-	-
Rent paid	-	-	-	-	-	-	0.05	0.02
Loans given/ (repaid) during the year (net)	7.54	43.88	0.12	0.09	-	-	-	-
Loans taken/repaid during the year (net)	-	-	-	-	-	-	13.43	7.72
Interest received	5.73	3.30	0.11	0.10	-	-	-	-
Interest paid	-	-	-	-	-	-	2.28	0.63
Remuneration to KMP	-	-	-	-	8.99	7.47	-	-
Sitting fees	-	-	-	-	0.09	-	-	-
Guarantee given on behalf of subsidiary	-	38.72	-	-	-	-	-	-

Notes to financial statements

For the year ended March 31, 2017

(All amounts in ₹ Crores, unless otherwise stated)

b. Balances as at the year end

Nature of Transaction	Subsidiaries and step down subsidiaries			Associates			Key Management Personnel			Enterprises, over which control or significant influence is exercised by individuals listed in 'II' above		
	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015
Loans given	64.11	56.57	12.69	1.02	0.90	0.81	-	-	-	-	-	-
Loans taken	-	-	-	-	-	-	-	-	-	21.16	7.72	-
Trade receivables	60.49	52.29	50.01	-	-	-	-	-	-	-	-	-
Trade payables/ other payables*	0.02	6.70	-	-	-	-	-	1.65	-	-	0.01	-
Guarantee given on behalf of subsidiary	102.13	104.34	65.62	-	-	-	-	-	-	-	-	-

* Amount is less than ₹1 lakh for Subsidiaries and step down subsidiaries as on April 1, 2015.

Notes to financial statements

For the year ended March 31, 2017
(All amounts in ₹ Crores, unless otherwise stated)

Note 30: Related Party Disclosures (Contd...)

Transactions with related parties during the year

Nature of Transaction	March 31, 2017	March 31, 2016
Sales of products and services		
Economic Explosives Limited	66.50	48.18
Blastec (India) Private Limited	3.25	2.83
Nigachem Nigeria Limited	16.71	7.44
Solar Explochem Zambia Limited	6.93	12.83
Solar Patlayici Maddeler Sanayi Ve Ticaret Anonim Sirketi	28.46	17.51
Solar Mining Services (Pty) Ltd	8.37	-
Total	130.22	88.79
Other operating income		
Economic Explosives Limited-Licence	0.21	0.45
Total	0.21	0.45
Other non operating income (Technical consultancy)		
Nigachem Nigeria Limited	0.28	0.24
Total	0.28	0.24
Sale of fixed assets		
Blastec (India) Private Limited	0.04	1.65
Total	0.04	1.65
Project Sales		
Solar Mining Services (Pty) Ltd	5.36	-
Total	5.36	-
Purchase of raw material and components		
Economic Explosives Limited	71.63	64.89
Solar Synthetics Private Limited	0.15	0.06
Total	71.78	64.95
Purchase of License		
Economic Explosives Limited	0.96	0.21
Total	0.96	0.21
Rent paid		
Solar Synthetics Private Limited	0.05	0.02
Total	0.05	0.02
Loans given/ (repaid) during the year (net)		
SMS Bhatgaon Mines Extension Private Limited	0.11	0.08
Solar Bhatgaon Extension Mines Private Limited	0.02	0.01
Economic Explosives Limited	(1.44)	18.70
Blastec (India) Private Limited	(1.74)	10.34
Solar Mines & Minerals Ltd	0.08	0.07
Solar Overseas Singapore Pte Ltd.*	-	-
Solar Overseas Mauritius Ltd.	10.87	14.54
Emul Tek Private Limited	(0.22)	0.22
Solar Defence Limited*	-	-
Total	7.68	43.96
Loans taken/ repaid during the year (net)		
Commercial Sales Corporation	13.43	7.72
Total	13.43	7.72

* Amount is less than ₹1 lakh.

Notes to financial statements

For the year ended March 31, 2017

(All amounts in ₹ Crores, unless otherwise stated)

Note 30: Related Party Disclosures (Contd...)

Transactions with related parties during the year

Nature of Transaction	March 31, 2017	March 31, 2016
Interest received		
Economic Explosives Limited	1.09	0.42
Blastec (India) Private Limited	1.87	1.47
Solar Mines & Minerals Ltd	0.08	0.07
Emul Tek Private Limited	0.02	0.02
Solar Overseas Mauritius Ltd	2.66	1.32
Solar Overseas Singapore Pte Ltd.#	-	-
SMS Bhatgaon Mines Extension Private Limited	0.10	0.09
Solar Bhatgaon Extension Mines Private Limited	0.01	0.01
Total	5.83	3.40
Interest paid		
Commercial Sales Corporation	2.28	0.63
Total	2.28	0.63
Remuneration to KMP*		
Shri S.N. Nuwal	2.70	2.25
Shri K.C. Nuwal	2.70	2.25
Shri Manish Nuwal	2.70	2.25
Shri R D Vakil	0.26	0.25
Shri Anil Kumar Jain	0.28	0.14
Shri Nilesh Panpaliya	0.27	0.26
Mrs. Khushboo Pasari	0.08	0.07
Total	8.99	7.47
Sitting fees		
Shri Anant Sagar Awasthi	0.02	0.02
Shri Dilip Patel	0.03	0.02
Shri Ajai Nigam	0.02	0.01
Shri Amrendra Verma	0.01	0.01
Smt Madhu Vij	0.01	0.02
Total	0.09	0.08
Guarantee given on behalf of subsidiary		
Solar Overseas Mauritius Limited	-	38.72
Total	-	38.72

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

* Amount is less than ₹1 lakh.

Balance outstanding at the year end were as follows:

Balances as at year end	March 31, 2017	March 31, 2016	April 1, 2015
Loans given			
SMS Bhatgaon Mines Extension Private Limited	0.89	0.79	0.71
Solar Bhatgaon Extension Mines Private Limited	0.12	0.11	0.10
Economic Explosives Limited	17.26	18.70	-
Blastec (India) Private Limited	15.24	16.98	6.65
Solar Mines & Minerals Ltd	0.80	0.72	0.64
Solar Overseas Singapore Pte Ltd.	0.03	0.02	0.02
Solar Overseas Mauritius Ltd.	30.79	19.92	5.38

Notes to financial statements

For the year ended March 31, 2017
(All amounts in ₹ Crores, unless otherwise stated)

Note 30: Related Party Disclosures (Contd...)

Balance outstanding at the year end were as follows:

Balances as at year end	March 31, 2017	March 31, 2016	April 1, 2015
Emul Tek Private Limited	-	0.22	-
Solar Defence Limited*	-	-	-
Total	65.13	57.46	13.50
Loans taken			
Commercial Sales Corporation	21.16	7.72	-
Total	21.16	7.72	-
Trade receivables			
Nigachem Nigeria Limited	18.71	9.62	14.35
Solar Explochem Zambia Limited	-	4.84	3.30
Solar Patlayici Maddeler Sanayi Ve Ticaret Anonim Sirketi	27.66	34.43	32.37
Blastec (India) Private Limited	0.39	-	-
Solar Mining Services (Pty) Limited	13.73	-	-
Economic Explosives Limited	-	3.24	-
Blastec (India) Private Limited	-	0.15	-
Total	60.49	52.29	50.02
Trade payables/ Other payables			
Solar Synthetics Private Limited#	-	0.01	-
Economic Explosives Limited	-	6.70	-
Emul Tek Private Limited	0.02	-	-
Shri S.N.Nuwal	-	0.83	-
Shri Manish Nuwal	-	0.43	-
Shri K.C. Nuwal	-	0.39	-
Total	0.02	8.36	-
Guarantee given on behalf of subsidiary			
Solar Overseas Mauritius Limited	102.13	104.34	65.62
Total	102.13	104.34	65.62

* Amount is less than ₹1 lakh in March 31, 2016.

Amount is less than ₹1 lakh in March 31, 2017.

Note 31: Segment Information

In accordance with paragraph 4 of Ind AS 108 "Operating Segments", the Company has presented segmental information only on the basis of the Consolidated financial statements.

Note 32: Fair Value Measurements

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

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

- 1 The Company has not disclosed the fair values of financial instruments such as cash and cash equivalents, bank balances, bank deposits, trade receivables, other financial assets (except derivatives), trade payables, other financial liabilities (except derivatives), current borrowings, because their carrying amounts are a reasonable approximation of fair value. Further, for financial assets, the Company has taken into consideration the allowances for expected credit losses and adjusted the carrying values where applicable.
- 2 The Company has not disclosed the fair value of Investments in subsidiaries, since the same are valued at cost. For carrying values refer note 4 of the financial statements.
- 3 For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

Notes to financial statements

For the year ended March 31, 2017

(All amounts in ₹ Crores, unless otherwise stated)

Note 32: Fair Value Measurements (Contd...)

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

A. Fair Value Hierarchy

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

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

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

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

	Carrying Value	Notes	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets					
Amortised cost					
Loans	160.91	5	-	-	160.91
Other financial assets (except derivatives)	56.57	6	-	-	-
Trade receivables	172.62	7	-	-	-
Cash and cash equivalents	8.19	8	-	-	-
Bank balances other than cash and cash equivalents	1.51	8	-	-	-
Fair value through profit or loss					
Investment in equity instruments of others (unquoted)	0.11	4	-	-	0.11
Investment in Venture Capital Fund (unquoted)	3.31	4	-	3.31	-
Investment in equity instruments (quoted)	0.56	4	0.56	-	-
Investment in mutual funds	43.70	4	43.70	-	-
Derivative Instruments	5.62	6	-	5.62	-
Total Financial assets	453.10		44.26	8.93	160.02
Financial Liabilities					
Amortised cost					
Borrowings					
Non-current	80.30	12	-	-	80.30
Current	99.00	13	-	-	-
Trade payables	40.39	15	-	-	-
Other financial liabilities	75.30	17	-	-	-
Fair Value through profit or loss					
Derivative Instruments	4.27	17	-	4.27	-
Total Financial liabilities	299.26		-	4.27	80.30

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

Notes to financial statements

For the year ended March 31, 2017
(All amounts in ₹ Crores, unless otherwise stated)

Note 32: Fair Value Measurements (Contd...)

The carrying value and fair value of financial instruments by categories including the quantitative disclosures of fair value measurement hierarchy as at **March 31, 2016** is as follows:

	Carrying Value	Notes	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets					
Amortised cost					
Loans	161.88	5	-	-	161.88
Other financial assets (except derivatives)	45.66	6	-	-	-
Trade receivables	132.33	7	-	-	-
Cash and cash equivalents	2.21	8	-	-	-
Bank balances other than cash and cash equivalents	4.11	8	-	-	-
Investment in Government securities*	-	4	-	-	-
Fair Value through profit or loss					
Investment in equity instruments of others (unquoted)	0.11	4	-	-	0.11
Investment in Venture Capital Fund (unquoted)	4.94	4	-	4.94	-
Investment in equity instruments (quoted)	0.48	4	0.48	-	-
Investment in mutual funds	5.07	4	5.07	-	-
Derivative Instruments	11.78	6	-	11.78	-
Total Financial assets	368.57		5.55	16.72	161.99
Financial Liabilities					
Amortised cost					
Borrowings					
Non-current	96.67	12	-	-	96.67
Current	56.79	13	-	-	-
Trade payables	77.88	15	-	-	-
Other financial liabilities	28.25	17	-	-	-
Fair Value through profit or loss					
Derivative Instruments	10.90	17	-	10.90	-
Total Financial liabilities	270.49		-	10.90	96.67

* Amount is less than ₹1 lakh for carrying value.

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

The carrying value and fair value of financial instruments by categories including the quantitative disclosures of fair value measurement hierarchy as at **April 1, 2015** is as follows:

	Carrying Value	Notes	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets					
Amortised cost					
Loans	109.62	5	-	-	109.62
Other financial assets (except derivatives)	38.78	6	-	-	-
Trade receivables	143.73	7	-	-	-
Cash and cash equivalents	2.12	8	-	-	-
Bank balances other than cash and cash equivalents	16.87	8	-	-	-
Investment in Government securities*	-	4	-	-	-
Fair Value through profit or loss					
Investment in equity instruments of others (unquoted)	0.36	4	-	-	0.36
Investment in Venture Capital Fund (unquoted)	4.50	4	-	4.50	-
Investment in equity instruments (quoted)	0.23	4	0.23	-	-
Derivative Instruments	6.60	6	-	6.60	-
Total Financial assets	322.81		0.23	11.10	109.98
Financial Liabilities					

* Amount is less than ₹1 lakh for carrying value.

Notes to financial statements

For the year ended March 31, 2017

(All amounts in ₹ Crores, unless otherwise stated)

	Carrying Value	Notes	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Amortised cost					
Borrowings					
Non-current	78.30	12	-	-	78.30
Current	60.11	13	-	-	-
Trade payables	50.58	15	-	-	-
Other financial liabilities	19.95	17	-	-	-
Fair Value through profit or loss					
Derivative Instruments	9.32	17	-	9.32	-
Total Financial liabilities	218.26		-	9.32	78.30

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

Note 33: Financial risk management objectives and policies

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

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

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

Risk	Exposure arising from	Measurement	Management
Market Risk- Interest rate risk	Borrowings	Sensitivity Analysis	Interest Rate Swaps
	Term Deposits		
Market Risk-Foreign Exchange	Recognised financial assets and liabilities not denominated in INR	Cash Flow Analysis	Foreign-exchange forward contracts
		Sensitivity Analysis	
Market Risk- Equity price risk	Investment in Equity Securities mutual funds and venture capital fund	Sensitivity Analysis	Portfolio Diversification
Credit Risk	Cash and Cash equivalents, loans given, trade receivables and investments	Aging Analysis	Diversification of credit limits and letters of credit and Bank guarantee
		Credit Analysis	
Liquidity Risk	Borrowing, trade payables and other financial liabilities	Cash Flow forecasts	Availability of credit limits and borrowing facilities

Market Risk

Market Risk is the risk that the future value of a financial instrument will fluctuate due to moves in the market factors. The most common types of market risks include

- interest rate risk,
- foreign currency risk and
- equity price risk.

Market risk is attributable to all market risk sensitive financial instruments. The finance department undertakes management of cash resources, hedging strategies for foreign currency exposures, borrowing mechanism and ensuring compliance with market risk limits.

Interest Rate Risk

Interest rate risk is the risk that the future cash flows or the fair value of a financial instrument will fluctuate because of changes in market

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

0.5% changes in Interest Rate will increase/ decrease the borrowing cost by ₹0.95 lacs.

The Company does not have significant investment in Bank Deposits and hence not significantly exposed to Interest rate sensitivity.

Foreign Currency Risk

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

Derivative instruments and unhedged foreign currency exposures

Note 33: Financial risk management objectives and policies (Contd...)

a) Derivative outstanding as at the reporting date

The Company has borrowings in foreign currency amounting to ₹181.76 crore (March 31, 2016: ₹151.75 crore). Accordingly, in order to hedge the foreign currency risk on these borrowings, the Company has taken foreign exchange forward contracts, which are as follows:

Name of the instrument	Currency	In foreign currency	
		March 31, 2017	March 31, 2016
Forward contract to buy	USD	2.03	2.06

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

Name of the instrument	March 31, 2017		March 31, 2016	
	USD	EURO	USD	EURO
	Trade Receivable	1.15	0.02	0.93
Loans and other receivable	0.48	-	0.22	-
Borrowings	0.77	-	0.32	-
Trade Payables*	-	-	0.41	-

* Amount is less than \$ 1 lakh in March 31, 2017

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

	March 31, 2017	March 31, 2016
USD	0.55	0.29
EURO	0.01	0.01

Equity price risk

The Company's investments in quoted equity shares and mutual funds are subject to market price risk arising from uncertainties about future values of the invested securities. The Company manages the equity price risk through diversification. The portfolio reports are submitted to senior management on regular basis and the board of directors reviews and approves all investments.

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

	March 31, 2017	March 31, 2016
Investment in equity shares (quoted)	0.56	0.48
Investment in mutual funds	43.70	5.07

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(All amounts in ₹ Crores, unless otherwise stated)

The impact of increases/ decreases of the BSE/ NSE index on the Company's equity shares and mutual funds and gain/ loss for the period would be ₹0.44 crore (March 31, 2016: ₹0.06 crore). The analysis is based on the assumption that the index has increased by 1% or decreased by 1% with all other variables held constant, and that all the Company's investments having price risk moved in line with the index.

Credit risk

Credit risk arises from the possibility that the counter party may not be able to settle their obligation as agreed. To manage this, the Company periodically assesses financial reliability of customers and other counter parties, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of financial assets. Individual risk limits are periodically reviewed on the basis of such information.

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

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

Note 33: Financial risk management objectives and policies (Contd...)

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

Loans: The Company has given loans to associates and subsidiaries and certain unrelated parties. However there is no counter party risk. Except in case of some non-current loans where arbitration proceeding are on-going and the management believes that this amount would be recovered in full however the timing of recovery is uncertain. (Refer note no. 5 of the financial statements for details)

Trade and other receivables:

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

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

Period	Upto 60 days	61 to 120 days	More than 120 days	Total
As at March 31, 2017	109.49	18.40	61.31	189.20
As at March 31, 2016	78.04	12.27	56.35	146.66

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

	March 31, 2017	March 31, 2016
Opening balance	14.34	12.26
Provided during the year	3.42	2.07
Amounts written off	-	-
Reversals of provisions	(1.19)	-
Closing balance	16.57	14.33

No significant changes in estimation techniques or assumptions were made during the reporting period.

Liquidity risk

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

Notes to financial statements

For the year ended March 31, 2017
(All amounts in ₹ Crores, unless otherwise stated)

Maturity profile of financial liabilities

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

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
March 31, 2017						
Borrowings						
From related party	21.16	-	-	-	-	21.16
From Banks	0.18	63.26	84.02	80.30	-	227.76
Trade payables	-	38.41	1.97	-	-	40.39
Other financial liabilities	0.05	3.91	1.72	-	-	5.68
Derivative Instruments	-	0.81	1.02	2.45	-	4.27
March 31, 2016						
Borrowings						
From related party	7.72	-	-	-	-	7.72
From Banks	16.35	19.28	36.39	96.67	-	168.69
Trade payables	-	76.26	1.62	-	-	77.88
Other financial liabilities	0.14	3.48	1.66	-	-	5.29
Derivative Instruments	-	0.08	1.14	9.68	-	10.90

Note 34 (a): Capital Management

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

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

	March 31, 2017	March 31, 2016	April 1, 2015
Net Debt	169.60	147.13	119.42
Equity	658.63	548.30	508.05
Capital and net debt	828.23	695.43	627.47
Gearing ratio	20%	21%	19%

Calculation of net debt is as follows:

	March 31, 2017	March 31, 2016	April 1, 2015
Borrowings			
Non Current	80.30	96.67	78.30
Current	99.00	56.79	60.11
	179.30	153.46	138.41
Cash and cash equivalents	8.19	2.21	2.12
Bank balances other than cash and cash equivalents	1.51	4.11	16.87
	9.70	6.32	18.99
Net Debt	169.60	147.14	119.42

Note 34(b): Research & Development Expenditure:

- Capital Expenditure incurred on R&D is included in Fixed Assets and depreciation is provided on the same at the respective applicable rates.
- Revenue expenditure incurred on R&D has been included in the respective account heads in the statement of accounts.

	March 31, 2017	March 31, 2016
In the nature of Revenue Expenditure	2.89	2.39
In the nature of Capital Expenditure	1.43	0.62
Total	4.32	3.01

Notes to financial statements

For the year ended March 31, 2017
(All amounts in ₹ Crores, unless otherwise stated)

Note 35: First- time adoption of Ind AS

These financial statements, for the year ended March 31, 2017, are the first the Company has prepared in accordance with Ind AS. For periods upto and including the year ended March 31, 2015, the Group prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP)

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on March 31, 2017, together with the comparative period data as at and for the year ended March 31, 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at April 1, 2015, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at April 1, 2015 and the financial statements as at and for the year ended March 31, 2016.

A Exemptions and exceptions applied

Ind AS 101 allows first- time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

A.1 Ind AS optional exemptions

A.1.1 Business Combinations (Ind AS 103)

Ind AS 101 provides the option to apply Ind AS 103, prospectively from the transition date or from a specific date prior to the transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to the transition date.

The Company elected to apply Ind AS 103 prospectively to business combinations occurring after its transition date. Business combinations occurring prior to the transition date have not been restated. The Company has applied same exemption for investment in associates.

A.1.2 Deemed cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities.

Accordingly, the Company has elected to measure all of its property, plant and equipment at their previous GAAP carrying value.

A.1.3 Use of deemed cost for investments in subsidiaries and associates

Ind AS 101 permits a first-time adopter to elect to continue the previous GAAP carrying amount at the date of transition and use that as its deemed cost of investment as at the date of transition.

Accordingly, the Company has elected to measure all its investments in subsidiaries and associates at their previous GAAP carrying value.

A.2 Ind AS mandatory exceptions

A.2.1 Estimates

An entity's estimates in accordance with Ind AS as at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at April 1, 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under Indian GAAP:

Investment in equity instruments carried at FVPL or FVOCI; and

Impairment of financial assets based on expected credit loss model.

Notes to financial statements

For the year ended March 31, 2017
(All amounts in ₹ Crores, unless otherwise stated)

A.2.2 Reconciliations between previous GAAP and Ind AS

The following reconciliations provide a quantification of the effect of significant differences arising from the transition from Previous GAAP to Ind AS in accordance with Ind AS 101:

equity as at April 1, 2015;

equity as at March 31, 2016;

total comprehensive income for the year ended March 31, 2016; and

explanation of material adjustments to cash flow statements. In the reconciliations mentioned above, certain reclassifications have been made to Previous GAAP financial information to align with the Ind AS presentation.

Reconciliation of other equity as at March 31, 2016 and April 1, 2015

	Notes to first-time adoption	March 31, 2016	April 1, 2015
Other equity as per Indian GAAP		567.75	505.50
Adjustments:			
Fair valuation of mutual fund and equity investments	1	1.87	0.89
Fair valuation of derivatives	2	0.89	(2.72)
Provision for expected credit losses on trade receivables	3	(6.78)	(7.97)
Proposed dividend and related taxes	4	-	19.60
Tax effects of adjustments	5	(33.54)	(25.35)
Total adjustments		(37.56)	(15.55)
Total equity as per Ind AS		530.19	489.95

Reconciliation of total comprehensive income for the year ended March 31, 2016

	Notes to first-time adoption	March 31, 2016
Profit after tax as per Indian GAAP		111.26
Adjustments:		
Fair valuation of mutual fund and equity investments	1	0.99
Fair valuation of derivatives	2	3.61
Provision for expected credit losses on trade receivables	3	1.19
Tax effects of adjustments	5	(8.18)
Total adjustments		(2.39)
Profit after tax as per Ind AS		108.87
Other comprehensive income		-
Total comprehensive income as per Ind AS		108.87

Notes to first-time adoption:

Note 1 Fair valuation of mutual fund and equity investments

Under Ind AS, investments in equity instruments (other than investments in subsidiaries) and mutual funds are required to be measured at fair value. The resulting fair value changes of these investments have been recognised in retained earnings as at the date of transition and subsequently in the profit or loss for the year ended March 31, 2016.

Note 2 Fair valuation of derivatives

Under Ind AS, derivatives which are not designated as hedging instruments are fair valued with resulting changes being recognised in profit or loss. The impact in equity and profit is on account of fair valuation of forward foreign exchange contracts.

Notes to financial statements

For the year ended March 31, 2017
(All amounts in ₹ Crores, unless otherwise stated)

Note 3 Trade receivables

As per Ind AS 109, the Company is required to apply expected credit loss model for recognising the allowance for doubtful debts. Consequently, the total equity as at March 31, 2016 and April 1, 2015 decreased and profit for the year ended March 31, 2016 has also been decreased

Note 4 Proposed dividend

Under Ind AS, dividends are recognised when the same is approved by the shareholders in the general meeting. Accordingly, the liability for proposed dividend included under provisions has been reversed with corresponding adjustment to retained earnings. Consequently, the total equity has been increased.

Note 5 Deferred tax

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.

Also, deferred tax have been recognised on the adjustments made on transition to Ind AS.

Note 6 Retained earnings

Retained earnings as at April 1, 2015 has been adjusted consequent to the above Ind AS transition adjustments.

Note 7 Other comprehensive income

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes remeasurements of defined benefit plans. The concept of other comprehensive income did not exist under previous GAAP. Further the Company has reconciled Indian GAAP profit or loss to total comprehensive income as per Ind AS.

Note 8 Statement of cash flows

The Ind AS adjustments are either non cash adjustments or are regrouping among the cash flows from operating, investing and financing activities. Consequently, Ind AS adoption has no impact on the net cash flow for the year ended March 31, 2016 as compared with the previous GAAP.

Note 9 Discount and incentives directly relatable to revenue

Under previous GAAP, the discounts and incentives on sales were shown as other expenses. Under Ind AS, these are required to be netted off against revenue. There is no impact on the total equity and profit.

Note 36: Disclosure in respect of Specified Bank Notes held and transacted:

	Specified Bank Notes (SBNs)	Other denomination notes	Total
Closing cash in hand as on Nov 08, 2016	0.25	0.38	0.63
(+) Permitted receipts	-	-	-
(-) Permitted payments	-	-	-
(-) Amount deposited in banks	0.25	-	-
Closing cash in hand as on Dec 30, 2016	-	-	-

Specified Bank Notes (SBNs) is defined as Bank Notes of denominations of the existing series of the value of five hundred rupees and one thousand rupees.

The disclosures with respect to 'Permitted receipts', 'Permitted payments', 'Amount deposited in Banks' and 'Closing Cash in Hand as on Dec 30, 2016' is understood to be applicable in case of SBN's only.

Notes to financial statements

For the year ended March 31, 2017
(All amounts in ₹ Crores, unless otherwise stated)

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

	Notes to first-time adoption	March 31, 2016	April 1, 2015
Principal amount outstanding (whether due or not) to micro and small enterprises	3.75	3.12	3.46
Interest due thereon	-	-	-
The amount of interest paid by the Company in terms of Section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-	-
The amount of payment made to the supplier beyond the appointed day during the year	-	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.	-	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006	-	-	-

As per our report of even date attached

For **Gandhi Rathi & Co.**
Chartered Accountants
Firm's Registration Number: 103031W

C. N. Rathi
Partner
Membership No.39895

Place: Nagpur
Date : May 29, 2017

For and on behalf of the Board of Directors of
Solar Industries India Limited

S.N. Nuwal
Chairman

Khushboo Pasari
Company Secretary

Manish Nuwal
Managing Director &
CEO

Nilesh Panpaliya
Chief Financial Officer

Consolidated Independent Auditor's Report

To the
Members of
Solar Industries India Limited

Report on the Consolidated financial statements

1. We have audited the accompanying consolidated financial statements of Solar Industries India Limited (hereinafter referred to as the 'Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), comprising of the consolidated Balance Sheet as at March 31, 2017, the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Statement of Changes in Equity and the consolidated Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory (hereinafter referred to as 'the consolidated financial statements').

Management's Responsibility for the Consolidated Financial Statements

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that gives a true and fair view of the consolidated financial position, consolidated financial performance (including other comprehensive income), the consolidated statement of changes in equity and the consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. The respective Board of Directors of the Holding Company and its subsidiary companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Board of Directors of the Holding Company.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
4. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.
6. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph 8 of the Other Matters paragraph below, other than the unaudited financial statements as certified by the management and referred to in sub-paragraph 9 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

7. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of report of other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2017, and their consolidated profit (including other comprehensive income), consolidated statement of changes in equity and their consolidated cash flows for the year ended on that date.

Other Matters

8. We did not audit the financial statements of certain subsidiaries included in consolidated financial statements which constitute total assets of ₹396.86 crore as at March 31, 2017, total revenue of ₹354.08 crore, net profit of ₹23.15 crore and net cash outflow amounting to ₹4.42 crore for the year ended on that date. These financial statements have been audited by other auditors whose reports are being furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of section 143 (3) of the Act, insofar as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

Certain of these subsidiaries are located outside India whose financial statements have been prepared in accordance with accounting principles generally accepted in their respective countries and which has been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Company.

9. We did not audit the financial statements/ consolidated financial statements of certain subsidiaries included in consolidated financial statements which constitute total assets of ₹17.53 crore as at March 31, 2017, total revenue of ₹0.43 crore, net profit of ₹(1.35) crore and net cash inflow amounting to ₹1.44 crore for the year ended on that date. These financial statements are unaudited and have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures in respect of these subsidiaries and our report in terms of section 143 (3) of the Act in so far as it relates to the aforesaid subsidiaries is based solely on such unaudited financial statements.

Our opinion on the consolidated financial statements and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

10. The comparative financial information of the Company for the year ended March 31, 2016 and the transition date opening balance sheet as at April 1, 2015 included in these consolidated financial statements, are based on the previously issued statutory financial statements for the years ended March 31, 2016 and March 31, 2015 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by us, on which we expressed an unmodified opinion dated May 16, 2016 and May 25, 2015 respectively. The adjustments to those financial statements for the differences in accounting principles adopted by the Company on transition to Ind AS have been audited by us.

Our opinion is not qualified in respect of these matters.

Report on Other Legal and Regulatory requirements

11. As required by Section 143 (3) of the Act, based on our audit and on the consideration of the report of the other auditors on separate financial statements of the subsidiary companies, referred in the 'Other Matters' paragraph above, we report, to the extent applicable, that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
 - c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Changes in Equity Consolidated and the Consolidated Statement of Cash Flows dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - d. In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, as applicable.
 - e. On the basis of the written representations received from the directors of the Holding Company and of its subsidiary companies incorporated in India, as on March 31, 2017 taken on record by the respective Board of Directors of the Holding Company and the subsidiary companies, none of the directors of the Group companies, incorporated in India is disqualified as on March 31, 2017 from being

- appointed as a director in terms of Section 164 (2) of the Act.
- f. With respect to the adequacy and operating effectiveness of the internal financial controls over financial reporting of the Holding Company and its subsidiary companies incorporated in India, refer to our separate Report in "Annexure A" to this report.
- g. With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
- I. The Company has disclosed the impact, if any, of pending litigations as at
- March 31, 2017 on its financial position in its consolidated financial statements.
- II. The Company has long-term contracts including derivative contracts for which there were no material foreseeable losses.
- III. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company. The clause is not applicable to the subsidiaries companies.
- IV. The Holding Company has provided requisite disclosures in the consolidated financial statements as regards the holding and dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016 of the Group entities as applicable on the basis of information available with the respective Group entities. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the relevant books of account maintained by those entities for the purpose of preparation of the consolidated financial statements and as produced to us by the management of the respective Group entities.

For **Gandhi Rathi & Co.**
Chartered Accountants
Firm's Registration Number: 103031W

C.N. Rathi
Partner
Membership No. 39895

Place: Nagpur
Date : May 29, 2017

Annexure A to the Consolidated Auditor's Report

"Annexure A" referred to in the Independent Auditor's report of even date on the consolidated financial statements of Solar Industries India Limited

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

1. We have audited the internal financial controls over financial reporting of Solar Industries India Limited ("hereinafter referred to as the Holding Company") and its subsidiary companies incorporated in India, as at March 31, 2017 in conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

3. Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Holding Company and its subsidiary companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing as prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Holding Company and its subsidiary companies incorporated in India.

Meaning of Internal Financial Controls Over Financial Reporting

6. A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that
- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
 - provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
 - provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to fraud or error may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion to the best of our information and according to the explanations given to us the Holding Company and its subsidiary companies incorporated in India, have, in all material

respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the respective companies, considering the essential components of internal control stated in the Guidance Note.

For **Gandhi Rathi & Co.**

Chartered Accountants

Firm's Registration Number: 103031W

C.N. Rathi

Partner

Membership No. 39895

Place: Nagpur

Date : May 29, 2017

Consolidated Balance Sheet

As at March 31, 2017 (All amounts in ₹ Crores, unless otherwise stated)

	Notes	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
ASSETS				
Non-current assets				
Property, plant and equipment	3	769.70	697.74	579.55
Capital work-in-progress	3	90.92	30.44	41.37
Intangible Assets		8.14	5.05	4.09
Financial assets				
Investments	4	3.50	9.17	8.61
Loans	5	76.30	72.05	73.78
Other financial assets	6	25.48	17.94	14.06
Deferred tax assets	9	5.57	1.28	-
Current tax (net)		2.16	12.26	31.91
Other non-current assets	10	16.40	18.56	19.63
Total non-current assets		998.17	864.49	773.00
Current assets				
Inventories	11	181.07	159.86	160.99
Financial assets				
Investments	4	49.75	30.92	32.34
Trade receivables	7	313.76	270.98	215.25
Cash and cash equivalents	8	25.93	25.44	14.61
Bank balances other than above	8	13.46	11.27	22.38
Loans	5	26.78	39.47	31.99
Other financial assets	6	58.41	61.06	53.98
Other current assets	10	54.47	50.00	38.34
Total current assets		723.63	649.00	569.88
Total assets		1,721.80	1,513.49	1,342.88
EQUITY AND LIABILITIES				
Equity				
Equity share capital	12	18.10	18.10	18.10
Other equity		910.49	787.35	717.50
Total equity		928.59	805.45	735.60
Non Controlling Interest		40.26	47.80	38.02
LIABILITIES				
Non-current liabilities				
Financial Liabilities				
Borrowings	13	147.95	134.71	155.80
Deferred tax liabilities	14	84.01	77.64	56.23
Total non-current liabilities		231.96	212.35	212.03
Current liabilities				
Financial liabilities				
Borrowings	13	263.27	208.95	172.20
Trade payables	15	92.72	108.03	75.65
Other financial liabilities	16	114.95	87.07	72.33
Current tax (net)		1.40	-	-
Other current liabilities	17	48.65	43.84	37.05
Total current liabilities		520.99	447.89	357.23
Total liabilities		752.95	660.24	569.26
Total equity and liabilities		1,721.80	1,513.49	1,342.88
Summary of significant accounting policies	2			

The Accompanying Notes Form An Integral Part of The Consolidated Financial Statements

As per our report of even date attached

For **Gandhi Rathi & Co.**

Chartered Accountants

Firm's Registration Number: 103031W

C. N. Rathi

Partner

Membership No.39895

Place: Nagpur

Date : May 29, 2017

For and on behalf of the Board of Directors of

Solar Industries India Limited

S.N. Nuwal

Chairman

Khushboo Pasari

Company Secretary

Manish Nuwal

Managing Director &
CEO

Nilesh Panpaliya

Chief Financial Officer

Consolidated Statement of Profit and Loss

for the year ended March 31, 2017 (All amounts in ₹ Crores, unless otherwise stated)

	Notes	Year ended March 31, 2017	Year ended March 31, 2016
Continuing operations			
Revenue from operations	18	1,711.28	1,574.01
Other income	19	13.21	13.25
Total income		1,724.49	1,587.26
Expenses			
Cost of materials consumed	20 (a)	903.25	856.78
Purchases of Traded Goods		20.44	14.66
Changes in inventories of work-in-progress, stock-in-trade and finished goods	20 (b)	(17.18)	5.25
Excise duty		131.29	125.39
Employee benefit expense	21	104.31	87.63
Depreciation expense		38.74	32.82
Other expenses	22	245.28	180.05
Finance costs	23	26.89	20.44
Total expenses		1,453.02	1,323.02
Profit before tax		271.47	264.24
Tax expense :	24		
- Current tax		70.49	71.32
- Deferred tax		6.25	15.42
Total tax expenses		76.74	86.74
Profit for the year		194.73	177.50
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligations		(1.69)	-
Tax relating to these items		0.59	-
Total Other comprehensive income for the year, net of tax		(1.10)	-
Total comprehensive income for the year		193.63	177.50
Earnings per equity share			
Less: Minority Interest		8.19	13.84
Net Profit after Minority Interest		185.44	163.66
Basic and Diluted earnings per share	25	20.49	18.09
[Nominal value of ₹2 each (Previous year : ₹10)]			
Summary of significant accounting policies	2		

The Accompanying Notes Form An Integral Part of The Consolidated Financial Statements

As per our report of even date attached

For **Gandhi Rathi & Co.**
Chartered Accountants
Firm's Registration Number: 103031W

C. N. Rathi
Partner
Membership No.39895

Place: Nagpur
Date : May 29, 2017

For and on behalf of the Board of Directors of
Solar Industries India Limited

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Chairman

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Managing Director &
CEO

Nilesh Panpaliya
Chief Financial Officer

Consolidated Cash Flow Statement

for the year ended March 31, 2017 (All amounts in ₹ Crores, unless otherwise stated)

	Year ended March 31, 2017	Year ended March 31, 2016
Cash flow from operating activities		
Profit before tax	271.47	264.24
Adjustments for:		
Minority Interest	(7.54)	9.78
Depreciation expense	38.74	32.82
Gain on disposal of property, plant and equipment	(0.05)	(0.11)
Net gain on financial assets mandatorily measured at fair value through profit or loss	(2.00)	(0.37)
Profit on sale of financial assets carried at fair value through profit or loss	(2.86)	(1.13)
Dividend and interest income	7.23	7.37
Finance costs	26.89	20.44
Remeasurements of post-employment benefit obligations	(1.11)	-
Other Adjustments		
Impairment on property plant and equipment	0.65	-
Impairment loss on Financial Assets	7.98	7.91
Foreign Exchange & Other	(40.51)	(25.20)
Operating profit before working capital changes	298.89	315.75
Adjustments for:		
(Increase)/ decrease in trade receivables	(49.28)	(63.40)
(Increase)/ decrease in inventories	(21.22)	1.13
(Decrease)/ Increase in trade payables	(15.31)	32.38
(Increase) in other financial assets	(16.56)	(6.33)
(Increase) in current tax assets (net)		
(Increase) in other assets current	(4.47)	(11.66)
(Increase) in other assets non current	2.17	1.07
(Decrease)/ Increase in other current liabilities	4.81	6.79
(Increase) in other financial liabilities	40.27	14.50
Increase in current tax liability (net)		
Cash generated from operations	239.30	290.23
Income taxes and other taxes	63.16	46.95
Net cash inflow from operating activities	176.14	243.28

Consolidated Cash Flow Statement

for the year ended March 31, 2017 (All amounts in ₹ Crores, unless otherwise stated)

	Year ended March 31, 2017	Year ended March 31, 2016
Cash flows from investing activities		
Payment for purchase of property, plant and equipment	(172.13)	(141.90)
Proceeds from sale of property, plant and equipment	0.34	1.93
Loans repaid/ (given)	8.25	(5.75)
Loans repaid/ (given) Non Current		
Purchase /(Proceeds from sale) of current investments	(16.82)	1.79
Proceeds from sale/ (purchase) of non- current investments	4.37	(0.81)
(Investment in)/Proceeds from Fixed Deposit	(2.18)	11.11
Dividend and interest received	(7.23)	(7.37)
Profit on sale of financial assets carried at fair value through profit or loss	2.86	1.13
Goodwill	(3.08)	(0.96)
Increase in Deferred tax Liability		
Net cash inflow (outflow) from financing activities	(185.62)	(140.83)
Cash flows from financing activities		
Proceeds from/(Repayment of) non current borrowings	12.41	(20.26)
Proceeds from current borrowings	54.31	36.76
Interest paid	(26.89)	(20.43)
Fair value changes on derivatives not designated as hedges	0.11	(5.23)
Dividends paid	(18.10)	(57.01)
Tax on Dividend	(3.68)	(11.61)
Minority Interest	(8.19)	(13.84)
Net cash inflow/ (outflow) from financing activities	9.97	(91.62)
Net increase (decrease) in cash and cash equivalents	0.49	10.83
Add:- Cash and cash equivalents at the beginning of the financial year	25.44	14.61
Cash and cash equivalents at end of the year	25.93	25.44

The Accompanying Notes Form An Integral Part of The Consolidated Financial Statements

As per our report of even date attached

For **Gandhi Rathi & Co.**
Chartered Accountants
Firm's Registration Number: 103031W

C. N. Rathi
Partner
Membership No.39895

Place: Nagpur
Date : May 29, 2017

For and on behalf of the Board of Directors of
Solar Industries India Limited

S.N. Nuwal
Chairman

Khushboo Pasari
Company Secretary

Manish Nuwal
Managing Director &
CEO

Nilesh Panpaliya
Chief Financial Officer

Consolidated Statement of changes in equity

(All amounts in ₹ Crores, unless otherwise stated)

A. Equity share capital

	Notes	No of Shares	Amount
As at April 1, 2015		18,098,011	18.10
Changes in equity share capital	12	-	-
As at March 31, 2016		18,098,011	18.10
Changes in equity share capital	12	72,392,044	-
As at March 31, 2017		90,490,055	18.10

B. Other equity

	Reserves and surplus					Other Comprehensive Income	Total Other Equity	Non Controlling Interest	Total
	Securities premium reserve	Retained earnings ₹	Capital Reserve	General Reserve	Exchange differences on translating the financial statements of a foreign operation	Remeasurement of defined benefit, liabilities / assets			
Balance As on April 1, 2015	149.13	320.96	0.71	282.53	4.45	-	757.78	47.14	804.92
Ind AS adjustments on first time adoption (Refer Note No. 34)	-	(57.96)	15.62	-	2.06	-	(40.28)	(9.12)	(49.40)
Balance at April 1, 2015 after Ind AS Adjustment	149.13	263.00	16.33	282.53	6.51	-	717.50	38.02	755.52
Profit for the year	-	163.66	-	-	-	-	163.66	13.84	177.50
Other comprehensive income*									
Transfer from retained earnings	-	-	-	75.00	-	-	75.00	-	75.00
Transfer to General reserve	-	(75.00)	-	-	-	-	(75.00)	-	(75.00)
Exchange differences on translation of foreign operations	-	-	-	-	(25.25)	-	(25.25)	(4.06)	(29.31)
Transactions with owners :									
Interim Dividends of FY 2015-16	-	(40.72)	-	-	-	-	(40.72)	-	(40.72)
Tax on Interim Dividend of FY 2015-16	-	(8.29)	-	-	-	-	(8.29)	-	(8.29)
Dividend of FY 2014-15	-	(16.29)	-	-	-	-	(16.29)	-	(16.29)
Tax on Dividend of FY 2014-15	-	(3.32)	-	-	-	-	(3.32)	-	(3.32)
Acquisition of Emul Tek (Note no. 26)	-	-	0.06	-	-	-	0.06	-	0.06
Balance at March 31, 2016	149.13	283.04	16.39	357.53	(18.74)	-	787.35	47.80	835.15

*Amount is less than ₹1 lakh for retained earnings.

Consolidated Statement of changes in equity

(All amounts in ₹ Crores, unless otherwise stated)

B. Other equity

	Reserves and surplus					Other Comprehensive Income	Total Other Equity	Non Controlling Interest	Total
	Securities premium reserve	Retained earnings	Capital Reserve	General Reserve	Exchange differences on translating the financial statements of a foreign operation	Remeasurement of defined benefit, liabilities / assets			
Balance at April 1, 2016	149.13	283.04	16.39	357.53	(18.74)	-	787.35	47.80	835.15
Profit for the year	-	186.54	-	-	-	(1.11)	185.43	8.19	193.62
Transfer from retained earnings	-	-	-	76.91	-	-	76.91	-	76.91
Transfer to General reserve	-	(76.91)	-	-	-	-	(76.91)	-	(76.91)
Exchange differences on translation of foreign operations	-	-	-	-	(40.51)	-	(40.51)	(12.48)	(52.99)
Transactions with owners :							-	-	-
Interim Dividends of FY 2016-17	-	(18.10)	-	-	-	-	(18.10)	(3.25)	(21.35)
Tax on Interim Dividend of FY 2016-17	-	(3.68)	-	-	-	-	(3.68)	-	(3.68)
Balance at March 31, 2017	149.13	370.89	16.39	434.44	(59.25)	(1.11)	910.49	40.26	950.75

The Accompanying Notes Form An Integral Part of The Consolidated Financial Statements

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Chartered Accountants

Firm's Registration Number: 103031W

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Partner

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Place: Nagpur

Date : May 29, 2017

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Nilesh Panpaliya

Chief Financial Officer

Notes to Consolidated financial statements

For the year ended March 31, 2017

Note 1: Corporate Information

Solar Industries India Limited (the 'Company') is a company domiciled in India, with its registered office situated in Nagpur. The Company has been incorporated under the provisions of Indian Companies Act and its equity shares are listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) in India. These consolidated financial statements comprise the Company and its subsidiaries (referred to collectively as the 'Group') and the Group's interest in associates. The Group is primarily involved in manufacturing of complete range of industrial explosives and explosive initiating devices. It manufactures various types of packaged emulsion explosives, bulk explosives and explosive initiating systems.

Note 2: Significant accounting policies

2.1 Basis of preparation

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

Statement of compliance

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

The Group's consolidated financial statements up to and for the year ended 31 March 2016 were prepared in accordance with the Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act.

As these are the Group's first consolidated financial statements prepared in accordance with Indian Accounting Standards (Ind AS), Ind AS 101, First-time Adoption of Indian Accounting Standards has been applied. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Group is provided in Note 34.

Current and non-current classification

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

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at March 31, 2017.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Non-controlling interests (NCI)

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition. Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any interest retained in the former subsidiary is measured at fair value at the date the control is lost. Any resulting gain or loss is recognised in profit or loss.

Equity accounted investees

The Group's interests in equity accounted investees comprise interests in associates. An associate is an entity in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

Interests in associates are accounted for using the equity method. They are initially recognised at cost which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of profit or loss and OCI of equity-accounted investees until the date on which significant influence ceases.

Notes to Consolidated financial statements

For the year ended March 31, 2017

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and necessary adjustments required for deviations, if any, are made in the consolidated financial statements. The consolidated financial statements are presented in the same manner as the Company's separate financial statements.

The financial statements of the subsidiary companies used in the consolidation are drawn up to the same reporting date as of the Company.

2.3 Summary of significant accounting policies

a. Use of estimates

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

b. Property, Plant and Equipment

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

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct

labor, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

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

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

c. Intangible assets

Intangible assets including software licenses of enduring nature and contractual rights acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Cost comprises the purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use.

Gains or losses arising from disposal of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is disposed.

d. Depreciation and amortisation

Depreciation on Property, Plant and Equipment is provided using the Straight Line Method ('SLM') over the useful lives of the assets estimated by the management.

Notes to Consolidated financial statements

For the year ended March 31, 2017

The management estimates the useful lives for the Property, Plant and Equipment as follows:

Assets	Group's estimate of useful life (years)	Useful life as prescribed under schedule II (years)
Buildings:		
Factory buildings	10 to 30	30
Other buildings	10 to 60	60
Roads (RCC and WBM)	15 to 30	5 to 10
Plant and Machinery:		
Factory Plant and Machinery including KP Machinery	5 to 25	15 to 20
Wind Mill	22	22
Electrical installation and Lab equipment	10	10
Bulk Deliver System (BDS)	12	8
Furniture and fixtures	5 to 10	10
Vehicles including Pump Trucks	4 to 12	8 to 10
Office equipments and Computers	3 to 6	3 to 6

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

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

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

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

f. Borrowing costs

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

g. Business combinations

Business combinations are accounted for using the acquisition method as per the provisions of Ind AS 103-Business combinations.

The cost of an acquisition is measured at the fair value of the assets acquired and liabilities incurred or assumed on

the date of acquisition, which is the date on which control is transferred to the Group. The cost of acquisition also includes the fair value of contingent consideration, if any. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition.

Transaction costs that the Group incurs in connection with a business combinations are expensed as incurred.

h. Goodwill/ Capital Reserve

Goodwill represents the cost of business acquisition in excess of the Group's interest in the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. When the net fair value of the identifiable assets, liabilities and contingent liabilities acquired exceeds the cost of business acquisition, a gain is recognised in the other comprehensive income as capital reserve. Goodwill is measured at cost less accumulated impairment losses.

i. Leases

Determining whether an arrangement contains a lease

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

At inception or on reassessment of the arrangement that contains a lease, the payments and other consideration required by such an arrangement are separated into those for the lease and those for other elements on the basis of their relative fair values. If it is concluded for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an

Notes to Consolidated financial statements

For the year ended March 31, 2017

amount equal to the fair value of the underlying asset. The liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the incremental borrowing rate

Where the Group is a lessee

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

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

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

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

j. Financial instruments

i) Investments and other financial assets

Classification

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

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

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

Measurement

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

A. Debt instruments:

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. The Company classifies its debt instruments into following categories:

1. Amortised cost:

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

2. Fair value through profit and loss:

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

B. Equity instruments:

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

ii) Financial liabilities

Classification

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

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

Measurement

A. Financial liabilities at amortised cost

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

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

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

Notes to Consolidated financial statements

For the year ended March 31, 2017

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

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

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

- iv) **Impairment of financial assets**

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

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

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

- k. **Revenue**

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

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

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

- i) **Sale of goods**

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

- ii) **Interest Income**

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

- iii) **Dividends**

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

- l. **Government grants**

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

Notes to Consolidated financial statements

For the year ended March 31, 2017

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

m. Foreign currency translation

i) Functional and presentation currency

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

ii) Transactions and balances

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

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

iii) Translation of foreign operations

The Group presents the financial statements in INR which is the functional currency of the parent company. The assets and liabilities of a foreign operation are translated into the reporting currency (INR) at the exchange rate prevailing at the reporting date. Their statement of profit and loss are translated at exchange rates prevailing at the dates of transactions or weighted average rates, where such rates approximate the exchange rate at the date of transaction. The exchange differences arising on translation are accumulated in the foreign currency translation reserve under other comprehensive income. On disposal of a foreign operation, the accumulated foreign currency translation reserve relating to that foreign operation is recognised in the statement of profit and loss.

n. Inventories

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

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

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

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

o. Retirement and other employee benefits

(i) Provident Fund

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

(ii) Gratuity

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

Notes to Consolidated financial statements

For the year ended March 31, 2017

the overseas subsidiaries operate Gratuity scheme plan for employees as per laws of the respective countries, liability in respect of the same is provided on the accrual basis, estimated at each reporting date.

(iii) Leave encashment

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

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

Overseas subsidiaries provide liability in respect of compensated absences for employees as per respective local entity's policies. The same is measured based on the accrual basis as the payment is required to be made within next twelve months.

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

p. Income taxes

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

Deferred income taxes reflect the impact of temporary differences between tax base of assets and liabilities and

their carrying amounts. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except deferred tax liability arising from initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, affects neither accounting nor taxable profit/ loss at the time of transaction. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses, except deferred tax assets arising from initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, affects neither accounting nor taxable profit/ loss at the time of transaction. Deferred tax assets are recognised only to the extent that sufficient future taxable income will be available against which such deferred tax assets can be realised.

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

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

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

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

q. Segment reporting

(i) Identification of segment

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

Notes to Consolidated financial statements

For the year ended March 31, 2017

(ii) Segment accounting policies

The Group prepares its segment information in conformity with accounting policies adopted for preparing and presenting the financial statements of the Group as a whole. In accordance with paragraph 4 of Ind AS 108-“Operating Segments” the Company has disclosed segment information only on basis of the consolidated financial statements which are presented together along with the standalone financial statements.

r. Earnings per share (EPS)

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

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

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

s. Provisions

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

t. Contingent liability

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably.

u. Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

Notes to Consolidated financial statements

For the year ended March 31, 2017 (All amounts in ₹ Crores, unless otherwise stated)

Note 3 : Property, plant and equipment

	Freehold Land	Leasehold Land	Freehold Buildings	Furniture, fittings and Equipment	Plant and Machinery	Vehicles	Office Equipment	Total	Capital Work-in-progress
Year ended March 31, 2016									
Gross carrying amount									
Deemed cost as at April 1, 2015	78.62	0.84	268.00	6.69	305.13	39.48	10.92	709.68	41.37
Additions on Acquisition (Refer Note No. 26)*	1.78	0.22	0.47	-	0.54	0.59	0.03	3.63	-
Additions	9.54	-	57.08	1.74	90.34	5.07	0.73	164.50	13.17
Disposals	-	-	-	-	(1.74)	(1.18)	(0.01)	(2.93)	-
Transfers	-	-	-	-	-	-	-	-	(24.10)
Translation differences	(0.30)	-	(4.22)	0.92	(10.50)	(2.80)	(1.52)	(18.42)	-
Closing gross carrying amount March 31, 2016	89.64	1.06	321.33	9.35	383.77	41.16	10.15	856.46	30.44
Accumulated depreciation									
Accumulated depreciation as at April 1, 2015	-	-	35.28	3.03	60.89	24.13	6.80	130.13	-
Depreciation charge during the year	-	-	7.38	1.10	19.34	3.84	1.16	32.82	-
Disposals	-	-	-	-	(0.17)	(0.93)	(0.01)	(1.11)	-
Translation differences	-	-	(0.55)	0.41	(0.15)	(2.04)	(0.79)	(3.12)	-
Closing accumulated depreciation	-	-	42.11	4.54	79.91	25.00	7.16	158.72	-
Net carrying amount as at March 31, 2015	78.62	0.84	232.72	3.66	244.24	15.35	4.12	579.55	41.37
Net carrying amount as at March 31, 2016	89.64	1.06	279.22	4.81	303.86	16.16	2.99	697.74	30.44
Year ended March 31, 2017									
Gross carrying amount									
Opening gross carrying amount	89.64	1.06	321.33	9.35	383.77	41.16	10.15	856.46	30.44
Translation differences	(1.39)	-	6.77	(1.25)	(33.04)	(1.77)	(0.04)	(30.72)	-
Additions	13.90	0.86	42.06	1.76	61.42	11.01	2.19	133.20	60.72
Disposals	-	-	-	-	(0.18)	(0.71)	(0.01)	(0.90)	-
Impairment	-	-	-	-	(0.65)	-	-	(0.65)	-
Transfer	(0.63)	-	0.63	-	(0.03)	(0.32)	-	(0.35)	(0.24)
Closing gross carrying amount March 31, 2017	101.52	1.92	370.79	9.86	411.29	49.37	12.29	957.04	90.92
Accumulated depreciation									
Opening accumulated depreciation	-	-	42.11	4.54	79.91	25.00	7.16	158.72	-
Depreciation charge during the year	-	-	10.77	1.17	21.70	4.00	1.10	38.74	-
Disposals	-	-	-	-	(0.15)	(0.80)	(0.01)	(0.96)	-
Translation differences	-	-	(1.64)	(0.82)	(5.42)	(1.25)	(0.03)	(9.16)	-
Closing accumulated depreciation March 31, 2017	-	-	51.24	4.89	96.04	26.95	8.22	187.34	-
Net carrying amount March 31, 2017	101.52	1.92	319.55	4.97	315.25	22.42	4.07	769.70	90.92

*Amount is less than ₹1 lakh for Furniture, Fittings and Equipment.

Notes to Consolidated financial statements

For the year ended March 31, 2017 (All amounts in ₹ Crores, unless otherwise stated)

Note 4: Investments

Non-current investments

	Face value	Number of Shares/Units			Amount		
		March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015
Unquoted							
Investment carried at Cost							
Investment in Equity instruments of subsidiaries:							
Solar Explochem Mauritius Limited#	USD 1			2	-	-	-
Solar Mining Services Australia Pty Ltd	USD 1	80	80	80	0.26	0.27	0.25
Solar Explochem Ghana Ltd.	GHC 1	15,200	15,200	15,200	0.05	0.05	0.05
Solar Industrias Mozambique Lda*	MTn 1	25,000	25,000	25,000	-	-	-
Solar Nitro Chemicals Ltd.	Tsh's 10000	-	6,500	-	-	0.20	-
Provision for Impairment					(0.31)	-	-
					-	0.52	0.30
Investment carried at Cost							
Investment in Equity instruments of Associates :							
Austalian Explosive Technologies Group Pty Ltd	USD 0.01	-	66,000	66,000	-	2.61	2.47
SMS Bhatgaon Mines Extension Private Limited	₹10	490000	490000	490000	0.49	0.49	0.49
Solar Bhatgaon Extension Mines Private Limited	₹10	490000	490000	490000	0.49	0.49	0.49
Provision for Impairment					(0.98)	-	-
					-	3.59	3.45
Investment carried at Fair Value through Profit or Loss							
Investment in Equity instruments of Others							
Rainbow Production Limited	₹10	-	-	250000	-	-	0.25
Ganga Care Hospital Limited	₹10	110000	110000	110000	0.11	0.11	0.11
					0.11	0.11	0.36
Total (equity instruments)					0.11	4.22	4.11
Investment in government securities (NSC)		-	-	-			
Investment in Venture Capital Fund (Unquoted)^						0.01	-
Kotak India Growth Fund II	₹100000	500	500	500	3.31	4.94	4.50
Investment in Mutual Fund (Quoted)							
ICICI Prudential Liquid - Direct Plan	₹10	3377			0.08	-	-
Total (debentures and bonds)					3.39	4.95	4.50
Total non-current investments					3.50	9.17	8.61
Aggregate amount of quoted investments					0.08	-	-
Aggregate amount of unquoted investments					3.42	9.17	8.61

#Amount is less than \$ 1 lakh for April 01, 2015.

*Amount is less than MTn 1 lakh for March 31, 2017; March 31, 2016 and April 01, 2015

^Amount is less than ₹1 lakh for March 31, 2017 and April 01, 2015

Notes to Consolidated financial statements

For the year ended March 31, 2017 (All amounts in ₹ Crores, unless otherwise stated)

Note 4: Investments (Contd...)

Current investments

	Face value	Number of Shares/Units			Amount		
		March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015
Quoted							
Investment in equity instruments of (fully paid-up) :							
Premier Explosives Limited	₹10	-	-	13347	-	-	0.10
Jai Corporation Limited	₹1	-	10200	10200	-	0.07	0.05
Reliance Industrial Infrastructure Limited	₹10	987	987	987	0.05	0.04	0.04
Tata Iron Steel Co Limited	₹10	-	1000	1000	-	0.03	0.03
Murli Industries Limited*	₹2	-	5331	5331	-	-	-
IDFC Limited	₹10	10900	38000	-	0.06	0.16	-
IDFC Bank Limited	₹10	9480	38000	-	0.06	0.18	-
Mukand Limited	₹10	30930	-	-	0.26	-	-
Sunil Hitech Engineers Limited	₹1	116000	-	-	0.13	-	-
					0.56	0.48	0.22
Quoted							
Investment in mutual funds of :							
HDFC Growth Plan	₹10	-	62134	-	-	1.92	-
HDFC Prudence Fund-Direct Plan-Growth Option	₹10	106466	-	-	5.02	-	-
Reliance Fixed Horizon Fund - Growth Plan	₹10	-	-	4999990	-	-	5.64
Reliance Regular Saving Fund-Balanced Plan - Direct Growth Option	₹10	1249774	-	-	6.21	-	-
Reliance Regular Saving Fund-Debt Plan- Direct Growth Plan	₹10	2808325	1528935	-	6.60	3.15	-
Reliance Regular Saving Fund-Debt Plan- Growth Plan	₹10	-	2954989	12049080	-	6.09	22.90
Reliance Dynamic Bond Fund - Growth Option	₹10	-	-	1883789	-	-	3.58
Reliance Equity Saving Fund- Growth Plan	₹10	-	19070352	-	-	19.10	-
ICICI Prudential Liquid - Direct Plan - Growth	₹10	124689	-	-	3.00	-	-
Birla Sun Life Balanced '95 Fund-Growth Direct Plan	₹10	29970	-	-	2.13	-	-
Birla Sun Life Balanced '95 Fund-Growth Regular Plan	₹10	33837	-	-	2.31	-	-
Birla Sun Life Cash Manager-Growth Direct Plan	₹10	123280	-	-	5.01	-	-
SBI Magnum Balanced Fund-Regular Growth	₹10	201217	-	-	2.20	-	-
SBI Magnum Balanced Fund-Direct Growth	₹10	185571	-	-	2.10	-	-
Kotak Balance Direct Plan Growth	₹10	898773	-	-	2.12	-	-
Kotak Liquid Direct Plan Growth	₹10	6069	-	-	2.00	-	-
Franklin India Treasury Management Account-Super Institutional Plan-Direct-Growth	₹10	20568	-	-	5.00	-	-

*Amount is less than ₹1 lakh for March 31, 2016 and April 01, 2015

Notes to Consolidated financial statements

For the year ended March 31, 2017 (All amounts in ₹ Crores, unless otherwise stated)

	Face value	Number of Shares/Units			Amount		
		March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015
Kotak Balance Direct Plan Growth	₹10	476350	-	-	1.12	-	-
Franklin India Treasury Management Account-Super Institutional Plan-Direct-Growth	₹10	384198	-	-	4.18	-	-
Reliance Liquid Fund - Cash Plan - Growth Option	₹10	758	758	-	0.19	0.18	-
Total (mutual funds)					49.19	30.44	32.12
Total Current investments					49.75	30.92	32.34
Aggregate amount of quoted investments					49.75	30.92	32.34

Note 5: Loans

	March 31, 2017		March 31, 2016		April 1, 2015	
	Current	Non-Current	Current	Non-Current	Current	Non-Current
Unsecured, considered good						
Loan to associates (refer note 29)	1.02	-	1.02	-	0.94	-
Loans to Employees	0.25	-	0.28	-	0.30	-
Loan to Other	25.51	60.43	38.17	56.04	30.75	56.03
Secured considered Good						
Loan to others	-	15.87	-	16.01	-	17.75
	26.78	76.30	39.47	72.05	31.99	73.78

Notes:

- Loans are non derivative financial assets which generate a fixed or variable interest income for the group. The carrying value may be affected by changes in the credit risk of the counterparties.
- Non Current unsecured loans to other includes amounts which are outstanding for more than 12 months and as approved by board, no interest is charged on the same. The Company has filed a litigation against the counterparty for recovery of the said amount. Considering the current arbitration proceedings, management believes that this amount would be recovered in full, however the timing of recovery is uncertain and hence the same is classified as non-current.

Note 6: Other financial assets

	March 31, 2017		March 31, 2016		April 1, 2015	
	Current	Non-Current	Current	Non-Current	Current	Non-Current
Derivative Instruments at fair value through profit & loss						
Foreign-exchange forward contracts	9.87	-	22.76	-	18.13	-
Interest rate swaps	1.23	-	-	-	-	-
	11.10	-	22.76	-	18.13	-
Others						
Sales Tax Receivable	47.06	25.44	37.97	17.90	34.89	14.02
Deposits	-	0.04	-	0.04	-	0.04
Interest accrued but not due on FD	0.25	-	0.33	-	0.96	-
	47.31	25.48	38.30	17.94	35.85	14.06
	58.41	25.48	61.06	17.94	53.98	14.06

Notes:

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

Notes to Consolidated financial statements

For the year ended March 31, 2017 (All amounts in ₹ Crores, unless otherwise stated)

Note 7: Trade receivables

	March 31, 2017	March 31, 2016	April 1, 2015
Trade receivables	348.21	299.56	235.53
Less: Allowance for doubtful debts	(34.45)	(28.58)	(20.28)
	313.76	270.98	215.25

Note 7: Trade receivables (Contd...)

Break-up of security details

	March 31, 2017	March 31, 2016	April 1, 2015
Secured, considered good	7.51	3.10	-
Unsecured, considered good	306.25	267.88	215.25
Unsecured, considered doubtful	34.45	28.58	20.28
	348.21	299.56	235.53
Allowance for doubtful debts	(34.45)	(28.58)	(20.28)
	313.76	270.98	215.25

Note 8: Cash and bank balances

	March 31, 2017	March 31, 2016	April 1, 2015
Cash and cash equivalents			
Balances with banks			
In current accounts	24.93	23.99	12.98
Cash on hand	1.00	1.45	1.63
	25.93	25.44	14.61

	March 31, 2017	March 31, 2016	April 1, 2015
Other bank balances			
Deposit accounts - with remaining maturity of less than 12 Months	4.06	2.63	16.35
Deposit accounts - held as margin money	9.34	8.49	5.98
Earmarked balances (on unclaimed dividend accounts)	0.06	0.15	0.05
	13.46	11.27	22.38

Note 9: Deferred tax assets

The balance comprises temporary differences attributable to:

	March 31, 2017	March 31, 2016	April 1, 2015
Deferred tax assets			
Property, plant and equipment and investment property	-	0.04	-
Allowance for doubtful debts - trade receivables	1.45	1.35	-
Other items	5.69	-	-
	7.14	1.39	-
Deferred tax liabilities			
Property, plant and equipment and investment property	(1.57)	(0.11)	-
	(1.57)	(0.11)	-
	5.57	1.28	-

Notes to Consolidated financial statements

For the year ended March 31, 2017 (All amounts in ₹ Crores, unless otherwise stated)

Note 10: Other assets

	March 31, 2017		March 31, 2016		April 1, 2015	
	Current	Non-Current	Current	Non-Current	Current	Non-Current
Capital advances	-	10.91	-	13.02	-	15.02
Advances other than capital advances :						
Prepaid Gratuity	-	0.72	-	1.24	-	0.01
Security Deposits	0.02	4.47	-	4.30	-	4.60
Advances to suppliers for Goods and Services	22.03	0.29	12.47	-	14.89	-
Advances to Staff	0.94	-	1.27	-	1.34	-
Claims receivable on imports	0.16	-	0.01	-	-	-
Other Receivables	4.23	-	2.73	-	6.91	-
Prepayments	1.14	-	5.08	-	1.73	-
Balances with Revenue Authorities	25.83	0.01	28.37	-	13.47	-
Advances for Expenses	0.12	-	0.07	-	-	-
	54.47	16.40	50.00	18.56	38.34	19.63

Note 11: Inventories

	March 31, 2017	March 31, 2016	April 1, 2015
Raw materials & Packing Materials	120.15	97.75	90.29
Work-in-progress	12.70	11.34	9.96
Finished goods	29.65	35.51	48.20
Traded goods	5.04	1.57	3.88
Stores and spares	12.73	13.69	8.66
Goods in Transit	0.80	-	-
	181.07	159.86	160.99

Note 12: Equity share capital

	Number of Shares			Amount		
	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015
Authorised equity share capital (face value ₹10 each)	-	27,000,000	27,000,000	-	27.00	27.00
(face value ₹2 each)	135,000,000	-	-	27.00	-	-
	135,000,000	27,000,000	27,000,000	27.00	27.00	27.00
Issued, Subscribed and fully paid share capital (face value ₹10 each)	-	18,098,011	18,098,011	-	18.10	18.10
Issued, Subscribed and fully paid share capital (face value ₹2 each)	90,490,055	-	-	18.10	-	-
	90,490,055	18,098,011	18,098,011	18.10	18.10	18.10

Notes to Consolidated financial statements

For the year ended March 31, 2017 (All amounts in ₹ Crores, unless otherwise stated)

Note 12: Equity share capital

(a) Movements in equity share capital

	No of shares			Amount		
	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015
Number of Shares at the beginning of the year	18098011	18098011	18098011	18.10	18.10	18.10
Add: Shares split during the year	72392044	-	-			
Number of Shares at the end of the year	90,490,055	18,098,011	18,098,011	18.10	18.10	18.10

(b) Terms/ rights attached to equity shares

The Company has one class of equity shares having a par value of ₹2 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(c) Equity shares held by ultimate holding/ holding company and/ or their subsidiaries/ associates

The Company being ultimate holding company, there are no shares held by any other holding, ultimate holding company and their subsidiaries/ associates.

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

Name of the Shareholder	% holding			No of shares		
	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015
Shri Satyanarayan Nuwal	22.48%	22.48%	22.41%	20343695	4068739	4055787
Shri Kailashchandra Nuwal	19.60%	19.60%	19.60%	17739095	3547819	3547819
Smt Indira Devi Nuwal	6.15%	6.15%	6.15%	5568230	1113646	1113646
Smt Leela Devi Nuwal	5.61%	5.61%	5.61%	5075940	1015188	1015188
Smt Sohan Devi Nuwal	5.14%	5.14%	5.14%	4649690	929938	929938

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

Note 13 (a): Non-current borrowings

	March 31, 2017	March 31, 2016	April 1, 2015
Secured Borrowings carried at amortised cost			
Term loans			
Foreign currency loan from Banks (USD)	239.54	187.95	197.35
Interest Accrued but not due	0.72	0.57	0.13
Unsecured Loan From Related Party*	-	-	-
Sales Tax Deferral Loan	0.62	0.64	0.64
Total current borrowings	240.88	189.16	198.12
Less: Current maturities of long-term borrowings (included in note 16)	(92.21)	(53.88)	(42.19)
Less: Current maturities of interest accrued on long term borrowings (included in note 16)	(0.72)	(0.57)	(0.13)
	147.95	134.71	155.80

*Amount is less than ₹1 lakh.

Notes to Consolidated financial statements

For the year ended March 31, 2017 (All amounts in ₹ Crores, unless otherwise stated)

Note 13 (b): Current borrowings

	March 31, 2017	March 31, 2016	April 1, 2015
Secured			
From banks			
Foreign currency working capital loan	170.80	126.36	138.98
Indian Rupee working capital loan	10.47	30.03	11.39
Buyers credit	18.26	-	14.64
Unsecured			
From banks			
Buyers credit	-	32.81	-
Indian Rupee working capital loan	45.00	-	-
Loans from associates	21.84	20.78	7.54
From others	1.26	1.69	-
Total current borrowings	267.63	211.67	172.55
Less: Interest accrued (included in note 16)	(4.36)	(2.72)	(0.35)
Current borrowings	263.27	208.95	172.20

Non current Borrowing

	Maturity date	Terms of repayment	March 31, 2017	March 31, 2016	April 1, 2015
Secured					
Foreign currency term loan from Bank	Sep 11, 2017	Single repayment at the end of the term	19.45	18.25	18.12
Foreign currency term loan from Bank	Jan 12, 2018	Single repayment at the end of the term	20.75	19.68	19.68
Foreign currency term loan from Bank	July 9, 2018	Single repayment at the end of the term	16.11	15.80	-
Foreign currency term loan from Bank	Sep 28, 2018	Repayable in Four equal half yearly installment	18.56	25.04	-
Foreign currency term loan from Bank	March 31, 2020	Repayable in eight equal quarterly installment starting after moratorium period of 12 months	49.90	-	-
Foreign currency term loan from Bank	Aug 31, 2018	Repayable in eight equal half yearly installment	24.32	40.27	56.70
Foreign currency term loan from Bank	March 31, 2020	Repayable in eight equal quarterly installment starting after moratorium period of 12 months	19.05	-	-
Foreign currency term loan from Bank	Sept 27, 2019	Repayable in eight equal half yearly installment	40.53	52.31	59.78
Foreign currency term loan from Bank	July 27, 2016	Repayables in four equal yearly installment	-	16.56	31.25
Foreign currency term loan from Bank	March 26, 2021	Repayable in equal quarterly installment after moratorium period of 6 Month	30.62	-	-
Foreign currency term loan from Bank	May 02, 2017	Repayable in equal monthly installment. Term Period - 24 months	0.05	-	-
Foreign currency term loan from Bank	April 03, 2017	Repayable in equal monthly installment. Term Period - 24 months	-	-	-
Foreign currency term loan from Bank	April 03, 2017	Repayable in equal monthly installment. Term Period - 24 months	0.01	0.01	-
Foreign currency term loan from Bank	Nov 02, 2017	Repayable in equal monthly installment. Term Period - 24 months	0.19	0.03	-
Foreign currency term loan from Bank	Jan ,07 2019	Repayable in equal Monthly installment over a period of 60 Month	-	-	11.82
Unsecured					
Sales tax deferral loan	April 30, 2024	Repayable as per Sales Tax Deferral Scheme.	0.62	0.64	0.64
			240.16	188.59	197.99

Note 1: The above loans from Banks carries an interest rate of LIBOR + 100 bps to LIBOR + 362bps

Note 2: Loans taken by overseas subsidiaries carries an interest rate of 9.75% pa to 13.00% pa

Notes to Consolidated financial statements

For the year ended March 31, 2017 (All amounts in ₹ Crores, unless otherwise stated)

Current Borrowings

	Maturity date	Terms of repayment	March 31, 2017	March 31, 2016	April 1, 2015
Secured					
Foreign currency working capital loan from Bank	Oct 26, 2017	Single repayment at the end of the term	14.50	-	-
Foreign currency working capital loan from Bank	July 04, 2015	Single repayment at the end of the term	-	-	20.99
Foreign currency working capital loan from Bank	July 08, 2015	Single repayment at the end of the term	-	-	20.54
Foreign currency working capital loan from Bank	August 04, 2017	Single repayment at the end of the term	10.38	13.91	-
Foreign currency working capital loan from Bank	May 05, 2017	Single repayment at the end of the term	6.48	6.63	-
Foreign currency working capital loan from Bank	August 25, 2017	Single repayment at the end of the term	64.85	66.25	62.50
Foreign currency working capital loan from Bank	Oct 17, 2017	Single repayment at the end of the term	19.45	-	-
Foreign currency working capital loan from Bank	April 30, 2017	Single repayment at the end of the term	32.42	-	-
Foreign currency working capital loan from Bank	On demand	On demand	18.07	38.94	34.96
Foreign currency working capital loan from Bank	May 02, 2017	Repayable in equal monthly installment. Term Period - 24 months	-	0.39	-
Foreign currency working capital loan from Bank	April 03, 2017	Repayable in equal monthly installment. Term Period - 24 months	-	0.06	-
Foreign currency working capital loan from Bank	Sep 19, 2016	Repayable in equal monthly installment. Term Period - 24 months	-	0.12	-
Foreign currency working capital loan from Bank	Nov 02, 2017	Repayable in equal monthly installment. Term Period - 24 months	-	0.05	-
Foreign currency working capital loan from Bank	April 18, 2017	Single repayment at the end of the term	2.38	-	-
Foreign currency working capital loan from Bank	June 16, 2017	Single repayment at the end of the term	2.26	-	-
Buyer's credit	June 7, 2017	Single repayment at the end of the term	8.74	-	-
Buyer's credit	April 27, 2017	Single repayment at the end of the term	9.53	-	-
Buyer's credit	May 30, 2015	Single repayment at the end of the term	-	-	14.64
Indian rupee working capital loan from Banks	On demand	On demand	10.47	30.03	11.39
Unsecured					
Indian rupee working capital loan from Bank	April 24, 2017	Single repayment at the end of the term	20.00	-	-
Indian rupee working capital loan from Bank	June 21, 2017	Single repayment at the end of the term	25.00	-	-
Buyer's credit	May 20, 2016	Single repayment at the end of the term	-	7.57	-
Buyer's credit	Sep 08, 2016	Single repayment at the end of the term	-	13.39	-
Buyer's credit	April 07, 2016	Single repayment at the end of the term	-	11.85	-
Loan from associates	On demand	On demand	21.84	20.79	7.53
Loan from Others	On demand	On demand	1.26	1.69	-
			267.63	211.67	172.55

Note 1: The above foreign currency loans and Buyer's credit from Banks carries an interest rate of LIBOR + 30 bps to LIBOR + 436 bps

Note 2: The Indian rupee working capital loans from Banks and loan from related party carries an interest rate of 6.89% p.a. to 10.00% p.a.

Note 3: Loans taken by overseas subsidiaries carries an interest rate of LIBOR + 50 bps to LIBOR + 220 bps and certain loans carries interest rate of 6.47% p.a. to 23.00% p.a.

Security

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

Additionally, Holding Company has given corporate guarantee for certain loans taken by overseas subsidiaries.

Loan covenants

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

The other loans do not carry any debt covenants.

Notes to Consolidated financial statements

For the year ended March 31, 2017 (All amounts in ₹ Crores, unless otherwise stated)

Note 14: Deferred tax liabilities

The balance comprises temporary differences attributable to:

	March 31, 2017	March 31, 2016	April 1, 2015
Deferred tax liabilities			
Property, plant and equipment	106.05	90.45	81.69
Financial assets at fair value through profit or loss	0.14	0.41	0.66
Derivative Instruments at fair value through profit or loss	1.04	1.08	0.21
Prepaid Gratuity*	0.25	0.43	-
Mutual fund Investment valued at NAV Basis	-	0.01	-
Other Items	-	0.14	-
	107.48	92.52	82.56
Deferred tax assets			
Mat Credit	(13.31)	(7.23)	(19.04)
Derivative Instruments at fair value through profit or loss	-	-	(0.93)
Provision for investments in associates	(0.34)	-	-
Trade receivables	(8.91)	(7.65)	(6.36)
Employee Benefits payables	(0.91)	-	-
Other Items#	-	-	-
	(23.47)	(14.88)	(26.33)
Net deferred tax liabilities	84.01	77.64	56.23

*Amount is less than ₹1 lakh as on April 01, 2015.

#Amount is less than ₹1 lakh as on April 01, 2015.

Note 15: Trade payables

	March 31, 2017	March 31, 2016	April 1, 2015
Current			
Trade payables	92.71	106.27	75.62
Trade payables to related parties (refer note 29)	0.01	1.76	0.03
	92.72	108.03	75.65

Note 16: Other financial liabilities

	March 31, 2017	March 31, 2016	April 1, 2015
Current			
Derivative Instruments at fair value through profit or loss			
Foreign-exchange forward contracts	8.09	15.85	14.01
Interest rate swaps	-	3.79	6.22
	8.09	19.64	20.23
Others			
Capital creditors	0.65	2.91	4.78
Current maturities of long term debt	92.21	53.92	42.19
Interest accrued on non-current borrowings	0.73	0.57	0.13
Interest accrued on current borrowings	4.36	2.72	0.35
Liabilities towards employee benefits	8.86	7.17	4.61
Unpaid Dividend	0.05	0.14	0.04
	106.86	67.43	52.10
	114.95	87.07	72.33

Notes to Consolidated financial statements

For the year ended March 31, 2017 (All amounts in ₹ Crores, unless otherwise stated)

Note 17: Other current liabilities

	March 31, 2017	March 31, 2016	April 1, 2015
Statutory Dues Payables	23.20	23.48	22.86
Liabilities for Employee benefit	1.72	0.16	0.57
Creditors for Transport Agent & Others*	-	-	-
Advances from customers	18.01	20.20	13.62
Other Deposit received*	5.72	-	-
	48.65	43.84	37.05

*Amount is less than ₹1 lakh for March 31, 2017 and March 31, 2016.

*Amount is less than ₹1 lakh for March 31, 2016.

Note 18: Revenue from operations

The group derives the following types of revenue:	March 31, 2017	March 31, 2016
Sale of products (including excise duty)	1,652.35	1,521.54
Other operating revenue	58.93	52.47
	1,711.28	1,574.01

Note 19: Other income and other gains/(losses)

(a) Other income

	March 31, 2017	March 31, 2016
Interest Income		
On financial assets carried at amortised cost		
From Others	5.83	3.15
From Bank	0.92	0.79
From income tax refund	0.48	3.43
Profit on sale of financial assets carried at fair value through profit or loss	2.86	1.13
Other Misc Income	0.21	0.01
Insurance Claim	0.39	0.09
Profit on sale of Fixed Assets	0.04	-
	10.73	8.60

(b) Other gains/(losses)

	March 31, 2017	March 31, 2016
Net gain on disposal of property, plant and equipment	0.01	0.08
Net gain on financial assets mandatorily measured at fair value through profit or loss	2.01	0.75
Income - Other Misc Income – Non Operating	-	0.21
Fair value gain on derivatives not designated as hedges	0.46	3.61
	2.48	4.65
Total (a+b)	13.21	13.25

Note 20(a): Cost of materials consumed

	March 31, 2017	March 31, 2016
Raw materials at the beginning of the year	86.27	90.94
Add: Purchases	921.06	857.46
Less: Raw material at the end of the year	104.08	91.62
Total cost of materials consumed	903.25	856.78

Notes to Consolidated financial statements

For the year ended March 31, 2017 (All amounts in ₹ Crores, unless otherwise stated)

Note 20(b): Changes in inventories of work-in-progress, stock-in-trade and finished goods

	March 31, 2017	March 31, 2016
Changes in inventories	(17.18)	5.25

Note 21: Employee benefit expense

	March 31, 2017	March 31, 2016
Salaries, wages and bonus	97.45	81.46
Contribution to provident fund, gratuity	5.22	4.61
Staff welfare expenses	1.64	1.56
	104.31	87.63

Note 22: Other expenses

	March 31, 2017	March 31, 2016
Consumption of stores and spares	11.34	8.10
Excise Duty On Closing Stock Increase / Decrease	0.71	0.28
Repairs and maintenance		
Plant and machinery	7.54	6.29
Buildings	2.14	1.63
Others	5.37	5.47
Power & Fuel charges	18.59	17.66
Rates and taxes	4.69	3.54
Legal and professional fees	14.11	11.53
Travel expenses	9.42	9.94
Export Expenses	32.87	28.08
Transportation Charges	31.24	26.17
Remuneration to Directors	9.00	8.25
Pump Truck Expenses	7.30	5.87
Security Service Charges	7.21	5.86
Sales Promotion Expenses	4.51	1.81
Donations	2.78	2.63
Advertisement Expenses	0.62	0.69
Investment Written Off	0.19	0.25
Directors' Sitting Fees	0.47	0.19
Insurance charges	2.84	0.33
Income - Loss On Foreign Exchange Rate Fluctuation	27.00	5.08
Corporate social responsibility expenditure	2.91	2.23
Fair Value Gain on derivatives	0.57	(1.62)
Impairment loss on Property Plant & Equipment	0.65	-
Impairment loss on Investment	1.29	-
Impairment loss on Trade Receivables	7.59	5.46
Sales Commission	6.57	3.22
Payments to auditors (refer note 22(a) below)	0.93	0.86
Miscellaneous Expenses (includes Printing , Communication , Postage , office expenses etc)	24.83	20.25
Total other expenses	245.28	180.05

Notes to Consolidated financial statements

For the year ended March 31, 2017 (All amounts in ₹ Crores, unless otherwise stated)

Note 22(a): Details of payments to auditors

	March 31, 2017	March 31, 2016
Payment to auditors		
As auditor:		
Audit Fee	0.46	0.40
Tax audit Fee	0.08	0.08
Limited Review	0.01	0.01
In other capacities		
Taxation matters	0.23	0.18
Certification fees	0.11	0.15
Vat Audit Fees	0.04	0.04
	0.93	0.86

Note 23: Finance costs

	March 31, 2017	March 31, 2016
Interest on Borrowings		
To Banks	21.01	16.12
To Related Party	3.00	1.08
To Others	2.88	3.24
	26.89	20.44

Note 24: Tax expense

	March 31, 2017	March 31, 2016
Current tax		
Current tax on profits for the year	71.23	71.87
Adjustments for current tax of prior periods	(0.74)	(0.55)
	70.49	71.32
Deferred tax		
Decrease (increase) in deferred tax assets	(2.23)	0.10
(Decrease) increase in deferred tax liabilities	8.48	15.32
	6.25	15.42
	76.74	86.74

Note 25: Earnings per share (EPS)

	March 31, 2017	March 31, 2016
Basic and Diluted EPS		
Profit attributable to the equity holders of the company used in calculating basic and diluted EPS:	185.43	163.65
Weighted average number of equity shares used as the denominator in calculating basic and diluted EPS	9.05	9.05
Basic and Diluted EPS attributable to the equity holders of the company (₹)	20.49	18.09
Nominal value of shares (₹)	2.00	2.00

Notes to Consolidated financial statements

For the year ended March 31, 2017 (All amounts in ₹ Crores, unless otherwise stated)

Note 26: Business combination and acquisition

Acquisitions during the year ended March 31, 2016

Acquisition of Blastec (India) Private Limited

On April 1, 2015, the Group acquired 100% of the voting shares of Blastec (India) Private Limited, a non-listed company based in India and specialising in manufacturing of explosives, in exchange for cash.

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of Blastec (India) Private Limited as at the date of acquisition were:

Particulars	Fair value recognised on acquisition
Assets	
Property, plant and equipment	3.17
Deferred tax asset (net)	0.98
Other non-current assets	0.18
Inventories	0.85
Trade receivables	8.57
Cash and cash equivalents	0.66
Bank balances other than above	0.57
Other financial assets	0.04
Loans	0.80
Other Current Assets	0.23
	16.05
Liabilities	
Current borrowings	9.93
Trade payables	5.42
Other financial liabilities	0.77
Other current Liabilities	0.16
	16.28
Total identifiable net assets/ (net liabilities) at fair value	(0.23)
Goodwill arising on acquisition	0.73
Purchase consideration transferred- paid in cash	0.50

The deferred tax asset mainly comprises the temporary difference arising due to expected credit loss provision on trade receivables

The goodwill of ₹0.71 Crore comprises the value expected synergies arising from the acquisition and a customer order, which is not separately recognised as the same is not separable and therefore, it does not meet the criteria for recognition as an intangible asset under Ind AS 38. Goodwill recognised is not deductible for income tax purposes.

Acquisition of Emul tek Private Limited

On April 1, 2015, the Group acquired 100% of the voting shares of Emul Tek Private Limited, a non-listed company based in India and specialising in manufacturing of explosives, in exchange for cash.

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of Emul Tek Private Limited as at the date of acquisition were:

Particulars	Fair value recognised on acquisition
Assets	
Property, plant and equipment	0.47
Other non-current assets	0.02
Inventories*	-
Cash and cash equivalents	0.03

*Amount is less than ₹1 lakh.

Notes to Consolidated financial statements

For the year ended March 31, 2017 (All amounts in ₹ Crores, unless otherwise stated)

Particulars	Fair value recognised on acquisition
Bank balances other than above	1.32
Other financial assets	0.02
Other Current assets	0.28
Deferred tax assets (net)	0.04
	2.18
Liabilities	
Trade payables	1.25
Other financial liabilities	0.03
Other current liabilities	0.05
	1.33
Total identifiable net assets at fair value	0.85
Capital Reserve	(0.05)
Purchase consideration transferred- paid in cash	0.80

*Amount is less than ₹1 lakh.

The deferred tax asset mainly comprises the tax effect of the depreciation for tax purposes of tangible assets.

Capital reserve represents the difference between the net fair value of the identifiable assets, liabilities acquired and the cost of business acquisition. The same is recognised in the other comprehensive income.

Note 27: Employee Benefit obligations

(i) Post-employment obligations

a) Gratuity

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

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

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

Expense Recognised in Statement of Profit and Loss

	March 31, 2017	March 31, 2016
Service cost	0.67	0.51
Net Interest Cost	(0.10)	-
Expenses Recognised in the statement of Profit & Loss	0.57	0.51

Other Comprehensive Income

	March 31, 2017	March 31, 2016
Opening amount recognised in OCI outside of statement of profit or loss	-	-
Actuarial gain / (loss) on liabilities	(1.67)	0.05
Actuarial gain / (loss) on assets	(0.02)	-
Closing of amount recognised in OCI outside of statement of profit and loss	(1.69)	0.05

Notes to Consolidated financial statements

For the year ended March 31, 2017 (All amounts in ₹ Crores, unless otherwise stated)

Note 27: Employee Benefit obligations

The amount to be recognised in Balance Sheet Statement

	March 31, 2017	March 31, 2016
Present value of funded obligations	7.89	5.40
Fair value of plan assets	8.09	6.64
Net defined benefit liability / (assets) recognised in balance sheet	(0.20)	(1.24)

Change in Present Value of Obligations

	March 31, 2017	March 31, 2016
Opening of defined benefit obligations	5.40	5.03
Service cost	0.67	0.51
Interest Cost	0.43	0.40
Benefit Paid	(0.29)	(0.48)
Actuarial (Gain)/Loss on total liabilities:	1.67	(0.05)
Closing of defined benefit obligation	7.88	5.41

Change in Fair Value of Plan Assets

	March 31, 2017	March 31, 2016
Opening fair value of plan assets	6.64	6.34
Actual Return on Plan Assets	0.51	0.52
Employer Contribution	1.23	0.27
Benefit Paid	(0.29)	(0.48)
Closing fair value of plan assets	8.09	6.65

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

	March 31, 2017	March 31, 2016
Investments with insurer (LIC)	100%	100%

The significant actuarial assumptions were as follows :

	March 31, 2017	March 31, 2016
Discount Rate	6.8% per annum	8% per annum
Rate of increase in Compensation levels	7.5% per annum	5% per annum
Rate of Return on Plan Assets	8% per annum	8.10% per annum

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

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

Notes to Consolidated financial statements

For the year ended March 31, 2017 (All amounts in ₹ Crores, unless otherwise stated)

Note 27: Employee Benefit obligations

Sensitivity Analysis

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

	March 31, 2017	Impact (Absolute)	Impact (%)
Base Liability	7.89	-	-
Increase Discount Rate by 0.50%	7.60	(0.29)	(3.68%)
Decrease Discount Rate by 0.50%	8.20	0.31	3.95%
Increase Salary Inflation by 1%	8.48	0.59	7.52%
Decrease Salary Inflation by 1%	7.36	(0.53)	(6.72%)
Increase in Withdrawal Assumption by 5%	7.69	(0.19)	(2.46%)
Decrease in Withdrawal Assumption by 5%	8.17	0.28	3.59%

Notes :

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

Note 28: Commitments and contingencies

Capital and other Commitments

	March 31, 2017	March 31, 2016	April 1, 2015
Estimated amount of contracts remaining to be executed on capital account (net of advances)	8.62	5.78	11.23

Contingent liabilities

	March 31, 2017	March 31, 2016	April 1, 2015
Corporate guarantees given by the Company on behalf of its wholly owned overseas subsidiary in respect of loans taken	102.13	104.34	65.62
Performance and financial guarantees given by the Company	106.43	61.87	107.22
Guarantees given by Company's Bankers on behalf of the Company, against sanctioned letter of credit (SBLC's)	106.99	119.25	12.50
Excise demands- matters under dispute (net of deposit made)*	6.32	6.24	7.06
Sales tax deferment	9.47	9.47	9.47
Sales tax demands- matters under dispute*	11.62	8.44	5.99
Income tax demands- matters under dispute*	5.52	5.85	4.39

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

Notes to Consolidated financial statements

For the year ended March 31, 2017 (All amounts in ₹ Crores, unless otherwise stated)

Note 29: Related Party Disclosures

A Names of related parties and related party relationship :

I Associates

SMS Bhatgaon Mines Extension Private Limited
Solar Bhatgoan Extension Mines Private Limited

II Key Management Personnel (KMP) (including subsidiaries)

Shri S.N. Nuwal
Shri K.C. Nuwal
Shri Manish Nuwal
Shri R D Vakil
Shri Anil Kumar Jain
Shri Nilesh Panpaliya
Smt Khushboo Pasari
Shri Rahul Nuwal
Shri K S Talesra
Shri S L Mundhada

III Non executive directors*

Shri Anant Sagar Awasthi
Shri Dilip Patel
Shri Ajai Nigam
Shri Amrendra Verma
Smt Madhu Vij

* Non Executive Independent Directors were only paid sitting fees for attending Board & Board Committee meetings for the year 2016-17.

Company has not entered into any other transactions with its Non Executive Independent Directors or the enterprises over which they have significant influence.

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

Solar Synthetics Private Limited
Commercial Sales Corporation
Solar Initiating Systems Limited

V Enterprises, over which control or significant influence is exercised by individuals listed in 'II' above (other than IV above)

Solar Initiating Systems Limited
Mahakal Infrastructures Private Limited
Mahakal Project Private Limited
Nagpur Infrastructure Private Limited
Solar Processors (Bhilwara) Limited
Gulmohar Developers and Constructions Private Limited
Sun Developers and Constructions Private Limited
Sunbeam Developers and Constructions Private Limited
Sundrop Realtors Private Limited
Sunland Infracon Private Limited
Sunlight Infraventures Private Limited

VI Other related party

Solar Industries India Limited employee group gratuity assurance scheme
(Post employment benefit plan of the Company)

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

Refer to Note 27 for information on transactions with post employment benefit plan mentioned above

Notes to Consolidated financial statements

For the year ended March 31, 2017 (All amounts in ₹ Crores, unless otherwise stated)

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

a. Transactions with related parties

Nature of Transaction	Associates		Key Management Personnel (KMP) (including subsidiaries)		Enterprises, over which control or significant influence is exercised by individuals listed in 'II' above (with whom transactions have taken place)	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Purchase of raw material and components	-	-	-	-	0.20	0.84
Rent paid	-	-	-	-	0.17	0.12
Loans given/ (repaid) during the year (net)	0.12	0.09	-	-	-	-
Loans taken/ repaid during the year (net)	-	-	-	-	4.65	16.31
Interest received	0.11	0.10	-	-	-	-
Interest paid	-	-	-	-	3.01	1.08
Remuneration to KMP	-	-	9.35	7.79	-	-
Sitting fees	-	-	0.09	0.08	-	-

b. Balances as at the year end

Nature of Transaction	Associates			Key Management Personnel (KMP) (including subsidiaries)			Enterprises, over which control or significant influence is exercised by individuals listed in 'II' above (with whom transactions have taken place)		
	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015
Loans given	1.02	0.90	0.81	-	-	-	-	-	-
Loans taken	-	-	-	-	-	-	21.84	17.18	0.87
Trade payables/ other payables	-	-	-	0.01	1.67	-	0.02	0.12	0.03

Transactions with related parties during the year

Nature of Transaction	March 31, 2017	March 31, 2016
Purchase of raw material and components		
Solar Synthetics Private Limited	0.20	0.10
Solar Initiating Systems Limited	-	0.74
Total	0.20	0.84
Rent paid		
Solar Synthetics Private Limited	0.05	0.02
Solar Initiating Systems Limited	0.12	0.10
Total	0.17	0.12
Loans given/ (repaid) during the year (net)		
SMS Bhatgaon Mines Extension Private Limited	0.11	0.08
Solar Bhatgaon Extension Mines Private Limited	0.02	0.01
Total	0.13	0.09
Loans taken/ repaid during the year (net)		
Commercial Sales Corporation	4.65	16.31
Total	4.65	16.31

Notes to Consolidated financial statements

For the year ended March 31, 2017 (All amounts in ₹ Crores, unless otherwise stated)

Note 29: Related Party Disclosures (Contd...)

Nature of Transaction	March 31, 2017	March 31, 2016
Interest received		
SMS Bhatgaon Mines Extension Private Limited	0.10	0.09
Solar Bhatgaon Extension Mines Private Limited	0.01	0.01
Total	0.11	0.10
Interest paid		
Commercial Sales Corporation	3.01	1.08
Total	3.01	1.08
Remuneration to KMP*		
Shri S.N. Nuwal	2.70	2.25
Shri K.C. Nuwal	2.70	2.25
Shri Manish Nuwal	2.70	2.25
Shri R D Vakil	0.26	0.25
Shri Anil Kumar Jain	0.28	0.15
Shri Nilesh Panpaliya	0.27	0.26
Mrs. Khushboo Pasari	0.08	0.07
Shri Rahul Nuwal	0.12	0.12
Shri K S Talesra	0.24	0.20
Total	9.35	7.80
Sitting fees		
Shri Anant Sagar Awasthi	0.02	0.02
Shri Dilip Patel	0.03	0.02
Shri Ajai Nigam	0.02	0.01
Shri Amrendra Verma	0.01	0.01
Smt Madhu Vij	0.01	0.02
Total	0.09	0.08

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

Balance outstanding at the year end were as follows:

Balances as at year end	March 31, 2017	March 31, 2016	April 1, 2015
Loans given			
SMS Bhatgaon Mines Extension Private Limited	0.89	0.79	0.71
Solar Bhatgaon Extension Mines Private Limited	0.12	0.11	0.10
Total	1.01	0.90	0.81
Loans taken			
Commercial Sales Corporation	21.84	17.18	0.87
Total	21.84	17.18	0.87
Trade payables/ Other payables			
Solar Synthetics Private Limited*	-	0.01	-
Solar Initiating Systems Limited	0.01	0.10	0.03
Shri S.N.Nuwal	-	0.83	-
Shri Manish Nuwal	(0.01)	0.43	-
Shri K.C. Nuwal	-	0.39	-
Shri S.V. Kannan	-	0.01	-
Shri K.S.Talesra	0.01	-	-
Shri Rahul Nuwal	-	0.01	-
Total	0.01	1.78	0.03

*Amount is less than ₹1 lakh for March 31, 2017.

Notes to Consolidated financial statements

For the year ended March 31, 2017 (All amounts in ₹ Crores, unless otherwise stated)

Note 30: Segment Information

In accordance with paragraph 4 of Ind AS 108 "Operating Segments", the Group has presented segmental information only on the basis of the Consolidated financial statements which are presented together with the unconsolidated financial statements.

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

Geographical Information

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

Revenue from external customers	March 31, 2017	March 31, 2016
India	1,176.87	1,058.22
Rest of the World	475.48	463.32
Total	1,652.35	1,521.54

Note 31: Fair Value Measurements

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

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

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

A. Fair Value Hierarchy

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

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

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

Notes to Consolidated financial statements

For the year ended March 31, 2017 (All amounts in ₹ Crores, unless otherwise stated)

Note 31: Fair Value Measurements (Contd...)

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

Particulars	Carrying Value	Notes	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets					
Amortised cost					
Loans	103.08	5	-	-	103.08
Other financial assets (except derivatives)	72.79	6	-	-	-
Trade receivables	313.76	7	-	-	-
Cash and cash equivalents	25.93	8	-	-	-
Bank balances other than cash and cash equivalents	13.46	8	-	-	-
Investment in government securities (NSC)*	-	4	-	-	-
Fair value through profit or loss					
Investment in equity instruments of others (unquoted)	0.11	4	-	-	0.11
Investment in Venture Capital Fund (unquoted)	3.31	4	-	3.31	-
Investment in equity instruments (quoted)	0.56	4	0.56	-	-
Investment in mutual funds	49.27	4	49.27	-	-
Derivative Instruments	11.10	6	-	11.10	-
Total Financial assets	593.37		49.83	14.41	103.19
Financial Liabilities					
Amortised cost					
Borrowings					
Non-current	147.96	13	-	-	147.96
Current	263.27	13	-	-	-
Trade payables	92.72	16	-	-	-
Other financial liabilities	106.86	17	-	-	-
Fair Value through profit or loss					
Derivative Instruments	8.09	17	-	8.09	-
Total Financial liabilities	618.90		-	8.09	147.96

*Amount is less than ₹1 lakh for carrying value.

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

The carrying value and fair value of financial instruments by categories including the quantitative disclosures of fair value measurement hierarchy as at March 31, 2016 is as follows:

Particulars	Carrying Value	Notes	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets					
Amortised cost					
Loans	111.52	5	-	-	111.52
Other financial assets (except derivatives)	56.23	6	-	-	-
Trade receivables	270.98	7	-	-	-
Cash and cash equivalents	25.44	8	-	-	-
Bank balances other than cash and cash equivalents	11.27	8	-	-	-
Investment in Government securities*	-	4	-	-	-
Fair Value through profit or loss					
Investment in equity instruments of others (unquoted)	0.11	4	-	-	0.11

*Amount is less than ₹1 lakh.

Notes to Consolidated financial statements

For the year ended March 31, 2017 (All amounts in ₹ Crores, unless otherwise stated)

Note 31: Fair Value Measurements (Contd...)

Particulars	Carrying Value	Notes	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Investment in Venture Capital Fund (unquoted)	4.95	4	-	4.95	-
Investment in equity instruments (quoted)	0.48	4	0.48	-	-
Investment in mutual funds	30.44	4	30.44	-	-
Derivative Instruments	22.77	6	-	22.77	-
Total Financial assets	534.19		30.92	27.72	111.63
Financial Liabilities					
Amortised cost					
Borrowings					
Non-current	134.71	13	-	-	134.71
Current	208.96	13	-	-	-
Trade payables	108.03	16	-	-	-
Other financial liabilities	67.43	17	-	-	-
Fair Value through profit or loss					
Derivative Instruments	19.64	17	-	19.64	-
Total Financial liabilities	538.77		-	19.64	134.71

*Amount is less than ₹1 lakh.

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

The carrying value and fair value of financial instruments by categories including the quantitative disclosures of fair value measurement hierarchy as at April 1, 2015 is as follows:

Particulars	Carrying Value	Notes	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets					
Amortised cost					
Loans	105.77	5	-	-	105.77
Other financial assets (except derivatives)	49.90	6	-	-	-
Trade receivables	215.25	7	-	-	-
Cash and cash equivalents	14.61	8	-	-	-
Bank balances other than cash and cash equivalents	22.38	8	-	-	-
Investment in Government securities*	-	4	-	-	-
Fair Value through profit or loss					
Investment in equity instruments of others (unquoted)	0.36	4	-	-	0.36
Investment in Venture Capital Fund (unquoted)	4.50	4	-	4.50	-
Investment in equity instruments (quoted)	0.23	4	0.23	-	-
Investment in mutual funds	32.11	4	-	-	-
Derivative Instruments	18.13	6	-	18.13	-
Total Financial assets	463.24		0.23	22.63	106.13
Financial Liabilities					
Amortised cost					
Borrowings					
Non-current	155.80	13	-	-	155.80
Current	172.20	13	-	-	-
Trade payables	75.65	16	-	-	-
Other financial liabilities	52.10	17	-	-	-
Fair Value through profit or loss					
Derivative Instruments	20.23	17	-	20.23	-
Total Financial liabilities	475.98		-	20.23	155.80

*Amount is less than ₹1 lakh.

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

Notes to Consolidated financial statements

For the year ended March 31, 2017 (All amounts in ₹ Crores, unless otherwise stated)

Note 32: Financial risk management objectives and policies

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

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

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

Risk	Exposure arising from	Measurement	Management
Market Risk- Interest rate risk	Borrowings	Sensitivity Analysis	Interest Rate Swaps
	Term Deposits		
Market Risk-Foreign Exchange	Recognized financial assets and liabilities not denominated in INR	Cash Flow Analysis	Foreign-exchange forward contracts
		Sensitivity Analysis	
Market Risk- Equity price risk	Investment in Equity Securities mutual funds and venture capital fund	Sensitivity Analysis	Portfolio Diversification
Credit Risk	Cash and Cash equivalents, loans given, trade receivables and investments	Aging Analysis	Diversification of credit limits and letters of credit and Bank guarantee
		Credit Analysis	
Liquidity Risk	Borrowing, trade payables and other financial liabilities	Cash Flow forecasts	Availability of credit limits and borrowing facilities

Market Risk

Market Risk is the risk that the future value of a financial instrument will fluctuate due to moves in the market factors. The most common types of market risks include

- interest rate risk,
- foreign currency risk and
- equity price risk.

Market risk is attributable to all market risk sensitive financial instruments. The finance department undertakes management of cash resources, hedging strategies for foreign currency exposures, borrowing mechanism and ensuring compliance with market risk limits.

Interest Rate Risk

Interest rate risk is the risk that the future cash flows or the fair value of a financial instrument will fluctuate because of changes in market interest rates. The Group manages its interest rate risk by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio. The Group is not very significantly exposed to interest rate risks except the variations in LIBOR as most of borrowings are linked to LIBOR.

0.5% changes in interest rate will increase/ decrease the borrowing cost by ₹1.22 crore.

The Group's investment in bank deposits are with fixed rate of interest with fixed maturity and hence not significantly exposed to Interest rate sensitivity.

Foreign Currency Risk

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

Derivative instruments and unhedged foreign currency exposures

Notes to Consolidated financial statements

For the year ended March 31, 2017 (All amounts in ₹ Crores, unless otherwise stated)

Note 32: Financial risk management objectives and policies (Contd...)

a) Derivative outstanding as at the reporting date

The Group has borrowings in foreign currency amounting to ₹428.61Cr (March 31, 2016: ₹347.12Cr). Accordingly, in order to hedge the foreign currency risk on these borrowings, the Group has taken foreign exchange forward contracts, which are as follows:

Name of the instrument	Currency	In Million	
		March 31, 2017	March 31, 2016
Forward contract to buy	USD	29.51	29.35

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

Name of the instrument	March 31, 2017		March 31, 2016	
	USD	EURO	USD	EURO
	Trade Receivable	15.83	0.54	13.91
Loans and other receivable	4.75	-	2.17	-
Borrowings	23.56	-	7.08	-
Trade Payables	7.75	-	11.10	-

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

	In Rupees	
	March 31, 2017	March 31, 2016
USD	(0.70)	(0.13)
EURO	0.04	0.02

Equity price risk

The Group's investments in quoted equity shares and mutual funds are subject to market price risk arising from uncertainties about future values of the invested securities. The Group manages the equity price risk through diversification. The portfolio reports are submitted to senior management on regular basis and the board of directors reviews and approves all investments.

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

	In Rupees	
	March 31, 2017	March 31, 2016
Investment in equity shares (quoted)	0.56	0.48
Investment in mutual funds	49.27	30.44

The impact of increases/ decreases of the BSE/ NSE index on the Group's equity shares and mutual funds and gain/ loss for the period would be ₹0.50 crore (March 31, 2016: ₹0.31 crore). The analysis is based on the assumption that the index has increased by 1% or decreased by 1% with all other variables held constant, and that all the Group's investments having price risk moved in line with the index.

Credit risk

Credit risk arises from the possibility that the counter party may not be able to settle their obligation as agreed. To manage this, the Group periodically assesses financial reliability of customers and other counter parties, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of financial assets. Individual risk limits are periodically reviewed on the basis of such information.

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

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

Notes to Consolidated financial statements

For the year ended March 31, 2017 (All amounts in ₹ Crores, unless otherwise stated)

Note 32: Financial risk management objectives and policies (Contd...)

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

Loans: The Group has given loans to associates and certain unrelated parties. However there is no counter party risk. Except in case of some non-current loans where arbitration proceeding are on-going and the management believes that this amount would be recovered in full however the timing of recovery is uncertain.

Trade and other receivables:

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

Period	Upto 60 days	61 to 120 days	More than 120 days	Total
As at March 31, 2017	179.45	64.48	104.28	348.21
As at March 31, 2016	153.73	64.70	81.13	299.56

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

	March 31, 2017	March 31, 2016
Opening balance	28.58	20.29
Provided during the year	7.83	8.98
Amounts written off	(0.78)	(0.68)
Reversals of provisions	(1.19)	-
Closing balance	34.44	28.59

No significant changes in estimation techniques or assumptions were made during the reporting period.

Liquidity risk

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

Maturity profile of financial liabilities

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

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
March 31, 2017						
Borrowings						
From related party	21.84	-	-	-	-	21.84
From Banks	26.22	70.23	241.02	147.34	-	484.81
From Others	1.26	-	-	-	-	1.26
Sales Tax Deferral Loan	-	-	0.06	0.50	0.06	0.62
Trade payables	-	87.18	5.54	-	-	92.72
Other financial liabilities	0.77	5.17	3.50	-	0.13	9.57
Derivative Instruments	-	0.81	1.89	5.40	-	8.10
March 31, 2016						
Borrowings						
From related party	20.79	-	-	-	-	20.79
From Banks	30.10	31.53	182.06	134.03	-	377.72
From Others	1.69	-	-	-	-	1.69
Sales Tax Deferral Loan	-	0.03	-	0.49	0.13	0.65
Trade payables	-	106.10	1.93	-	-	108.03

Notes to Consolidated financial statements

For the year ended March 31, 2017 (All amounts in ₹ Crores, unless otherwise stated)

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Other financial liabilities	0.14	6.30	3.68	-	0.10	10.22
Derivative Instruments	-	0.08	1.57	17.99	-	19.64

Note 33: Capital Management

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

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

	March 31, 2017	March 31, 2016	April 1, 2015
Net debt	371.84	306.96	291.01
Equity	928.59	805.44	735.60
Capital and net debt	1,300.43	1,112.40	1,026.61
Gearing ratio	29%	28%	28%

Calculation of net debt is as follows:

	March 31, 2017	March 31, 2016	April 1, 2015
Borrowings			
Non Current	147.96	134.71	155.80
Current	263.27	208.96	172.20
	411.23	343.67	328.00
Cash and cash equivalents	25.93	25.44	14.61
Bank balances other than cash and cash equivalents	13.46	11.27	22.38
	39.39	36.71	36.99
Net Debt	371.84	306.96	291.01

Note 34: First- time adoption of Ind AS

These financial statements, for the year ended March 31, 2017, are the first the Company has prepared in accordance with Ind AS. For periods upto and including the year ended March 31, 2015, the Group prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP)

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on March 31, 2017, together with the comparative period data as at and for the year ended March 31, 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at April 1, 2015, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at April 1, 2015 and the financial statements as at and for the year ended March 31, 2016.

A Exemptions and exceptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

A.1 Ind AS optional exemptions

A.1.1 Business Combinations (Ind AS 103)

Ind AS 101 provides the option to apply Ind AS 103, prospectively from the transition date or from a specific date prior to the transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to the transition date.

The Company elected to apply Ind AS 103 prospectively to business combinations occurring after its transition date. Business combinations occurring prior to the transition date have not been restated. The Company has applied same exemption for investment in associates.

Notes to Consolidated financial statements

For the year ended March 31, 2017 (All amounts in ₹ Crores, unless otherwise stated)

Note 34: First- time adoption of Ind AS (Contd...)

A.1.2 Deemed cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities.

Accordingly, the Company has elected to measure all of its property, plant and equipment at their previous GAAP carrying value.

A.1.3 Use of deemed cost for investments in subsidiaries and associates

Ind AS 101 permits a first-time adopter to elect to continue the previous GAAP carrying amount at the date of transition and use that as its deemed cost of investment as at the date of transition.

Accordingly, the Company has elected to measure all its investments in subsidiaries and associates at their previous GAAP carrying value.

A.2 Ind AS mandatory exceptions

A.2.1 Estimates

An entity's estimates in accordance with Ind ASs as at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at April 1, 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under Indian GAAP:

Investment in equity instruments carried at FVPL or FVOCI; and

Impairment of financial assets based on expected credit loss model.

A.2.2 Reconciliations between previous GAAP and Ind AS

The following reconciliations provide a quantification of the effect of significant differences arising from the transition from Previous GAAP to Ind AS in accordance with Ind AS 101:

equity as at April 1, 2015;

equity as at March 31, 2016;

total comprehensive income for the year ended March 31, 2016; and

explanation of material adjustments to cash flow statements

In the reconciliations mentioned above, certain reclassifications have been made to Previous GAAP financial information to align with the Ind AS presentation.

Notes to Consolidated financial statements

For the year ended March 31, 2017 (All amounts in ₹ Crores, unless otherwise stated)

Reconciliation of other equity as at March 31, 2016 and April 1, 2015

	Notes	March 31, 2016	April 1, 2015
Total Other equity as per Indian GAAP		849.47	757.78
Adjustments:			
Fair valuation of mutual fund and equity investments	1	2.28	3.59
Fair valuation of derivatives	2	3.12	(2.10)
Provision for expected credit losses on trade receivables	3	(14.30)	(14.43)
Proposed dividend and related taxes	4	-	19.60
Preoperative expenses written off	5	(15.28)	(15.28)
Deconsolidation of subsidiary and related foreign currency translations	6	(11.84)	(16.37)
Reclassification of Goodwill from capital reserve		12.62	15.62
Capital reserve created on acquisition		0.06	-
Others with respect to foreign currency translation on account of Ind AS adjustments		2.49	-
Tax effects of adjustments	7	(41.27)	(30.91)
Total adjustments		(62.12)	(40.28)
Total Other equity as per Ind AS		787.35	717.50

Reconciliation of total comprehensive income for the year ended March 31, 2016

	Notes	March 31, 2016
Profit after tax as per Indian GAAP		166.14
Adjustments:		
Fair valuation of mutual fund and equity investments	1	(1.32)
Fair valuation of derivatives	2	5.23
Provision for expected credit losses on trade receivables	3	0.13
Goodwill written off in IGAAP now reversed since subsidiary deconsolidated	6	3.83
Tax effects of adjustments	7	(10.35)
Total adjustments		(2.48)
Profit after tax as per Ind AS		163.66

Notes to first-time adoption:

Note 1 Fair valuation of mutual fund and equity investments

Under Ind AS, investments in equity instruments (other than investments in subsidiaries) and mutual funds are required to be measured at fair value. The resulting fair value changes of these investments have been recognised in retained earnings as at the date of transition and subsequently in the profit or loss for the year ended March 31, 2016.

Note 2 Fair valuation of derivatives

Under Ind AS, derivatives which are not designated as hedging instruments are fair valued with resulting changes being recognised in profit or loss. The impact in equity and profit is on account of fair valuation of forward foreign exchange contracts.

Note 3 Trade receivables

As per Ind AS 109, the Company is required to apply expected credit loss model for recognising the allowance for doubtful debts. Consequently, the total equity as at March 31, 2016 and April 1, 2015 decreased and profit for the year ended March 31, 2016 has also been decreased

Note 4 Proposed dividend

Under Ind AS, dividends are recognised when the same is approved by the shareholders in the general meeting. Accordingly, the liability for proposed dividend included under provisions has been reversed with corresponding adjustment to retained earnings. Consequently, the total equity has been increased.

Note 5 Preoperative expenses

Preoperative expenses capitalised as per Indian GAAP have been written off to retained earnings since they are specifically excluded from capitalisation as per Ind AS.

Notes to Consolidated financial statements

For the year ended March 31, 2017 (All amounts in ₹ Crores, unless otherwise stated)

Note 6 Deconsolidation of subsidiary

As per Ind AS 110, consolidation is based on control model. Accordingly if parent loses control of a subsidiary, the parent derecognises the assets and liabilities of the former subsidiary from the consolidated balance sheet. Hence, the Company has deconsolidated one of the step down subsidiary i.e. PATSAN Patlayici Maddeler Sanayi Ve Ticaret Anonim Sirket since the same is under liquidation process.

Note 7 Deferred tax

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.

Also, deferred tax have been recognised on the adjustments made on transition to Ind AS.

The Accompanying Notes Form An Integral Part of The Consolidated Financial Statements

As per our report of even date attached

For **Gandhi Rathi & Co.**

Chartered Accountants

Firm's Registration Number: 103031W

C. N. Rathi

Partner

Membership No.39895

Place: Nagpur

Date : May 29, 2017

For and on behalf of the Board of Directors of

Solar Industries India Limited

S.N. Nuwal

Chairman

Khushboo Pasari

Company Secretary

Manish Nuwal

Managing Director &
CEO

Nilesh Panpaliya

Chief Financial Officer

Additional information pursuant to general instruction for the preparation of consolidated financial Statements:

Name of Entity	April 1, 2015	
	Net Assets i.e. total assets minus total liabilities	
	As a % of Consolidated Net assets	Amount
Parent:		
Solar Industries India Limited	69.07%	508.05
Subsidiary:		
Indian		
Economic Explosives Limited	28.65%	210.77
Solar Mining Resources Ltd	0.69%	5.09
Solar Mines & Minerals Ltd	(0.09%)	(0.64)
Forigen		
Solar Overseas Mauritius Ltd	8.56%	62.93
Intercompany Elimination & Consolidation Adjustments	(6.88%)	(50.60)
Total		735.60
Non Controlling Interest in Subsidiaries		38.02
Grand Total		773.62

Name of Entity	2015 - 2016									
	Net Assets i.e. total assets minus total liabilities		Share in profit / (Loss)		Share in Other Comprehensive Income		Share in Total Comprehensive Income			
	As a % of Consolidated Net assets	Amount	As a % of Consolidated Profit	Amount	As a % of Consolidated Profit	Amount	As a % of Consolidated Profit	Amount	As a % of Consolidated Profit	Amount
Parent:										
Solar Industries India Limited	68.07%	548.29	61.33%	108.86			61.33%	108.86		108.86
Subsidiary:										
Indian										
Economic Explosives Limited	30.47%	245.41	19.52%	34.64			19.52%	34.64		34.64
Solar Mining Resources Ltd	0.62%	4.97	(0.07%)	(0.12)			(0.07%)	(0.12)		(0.12)
Solar Mines & Minerals Ltd	(0.09%)	(0.72)	(0.04%)	(0.07)			(0.04%)	(0.07)		(0.07)
Blastec India Private Limited	(0.25%)	(1.98)	(0.03%)	(0.05)			(0.03%)	(0.05)		(0.05)
Emul Tek Private Limited	0.10%	0.77	(0.05%)	(0.09)			(0.05%)	(0.09)		(0.09)
Solar Defence Limited	0.01%	0.05	0.00%	-			0.00%	-		-
Forigen										
Solar Overseas Mauritius Ltd	7.19%	57.95	19.71%	34.99			19.71%	34.99		34.99
Sub Total		854.74		178.16				178.16		178.16
Intercompany Elimination & Consolidation Adjustments		(49.29)	(0.37%)	(0.66)			(0.37%)	(0.66)		(0.66)
Total		805.45		177.50				177.50		177.50
Non Controlling Interest in Subsidiaries		47.80		13.84				13.84		13.84
Grand Total		853.25		163.66				163.66		163.66

Name of Entity	2016 - 2017									
	Net Assets i.e. total assets minus total liabilities		Share in profit / (Loss)		Share in Other Comprehensive Income		Share in Total Comprehensive Income			
	As a % of Consolidated Net assets	Amount	As a % of Consolidated Profit	Amount	As a % of Consolidated Profit	Amount	As a % of Consolidated Profit	Amount	As a % of Consolidated Profit	Amount
Parent:										
Solar Industries India Limited	70.93	658.63	68.09	132.58	41.93	(0.46)	68.23	132.12		
Subsidiary:										
Indian										
Economic Explosives Limited	30.98	287.63	22.01	42.87	58.07	(0.64)	21.81	42.23		
Solar Mining Resources Ltd	0.59	5.44	0.24	0.47	-	-	0.24	0.47		
Solar Mines & Minerals Ltd	(0.09)	(0.80)	(0.04)	(0.08)	-	-	(0.04)	(0.08)		
Blastec India Private Limited	(0.13)	(1.23)	0.38	0.75	-	-	0.39	0.75		
EmulTek Private Limited	0.07	0.61	(0.08)	(0.16)	-	-	(0.08)	(0.16)		
Solar Defence Limited	-	0.05	-	-	-	-	-	-		
Solar Defence Systems Limited	-	0.05	-	-	-	-	-	-		
Forigen										
Solar Overseas Mauritius Ltd	4.28	39.72	11.19	21.80	-	-	-	21.80		
Sub Total		990.10		198.23		(1.10)		197.13		
Intercompany Elimination & Consolidation Adjustments	(6.63)	(61.51)	(1.79)	(3.50)	-	-	(1.80)	(3.50)		
Total		928.59		194.73		(1.10)		193.63		
Non Controlling Interest in Subsidiaries		40.26		8.19		-		8.19		
Grand Total		968.85		186.54		(1.10)		185.44		

**Sailent Features of Financial Statement of Subsidiaries / Associates
as per Section 129 (3) of the Companies Act, 2013,**

Read with Rule 5 of Companies (Accounts) Rules, 2015 in the prescribed Form Aoc-1

Part "B": Associates

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies

(₹ in Crores)

Sr No	Name of Associates	Share of Associates held by the Company on the year end					Profit/Loss for the year			
		Latest audited Balance Sheet Date	No. of Shares	Amount of Investment in Associates	Extent of Holding %	Networth attributable of Shareholding as per latest audited Balance Sheet	Considered in Consolidated	Not Considered in Consolidation	Description of how there is significant influence	Reason why the Associate is not consolidated
Associates										
1	SMS Bhatgaon Mines Extension Private Limited	31.03.2017	490000	0.49	49	0.49	0.00	-	Note-A	-
2	Solar Bhatgaon Extension Mines Private Limited	31.03.2017	490000	0.49	49	0.49	0.00	-	Note-A	-

Note:

A. There is no significant influence due to percentage(%) of share capital.

B. The above statement also indicates performance and financial position of each of the associates.

For and on behalf of the Board of Directors of

Solar Industries India Limited

S.N. Nuwal
Chairman

Manish Nuwal
Managing Director &
CEO

Place: Nagpur
Date : May 29, 2017

Khushboo Pasari
Company Secretary

Nilesh Panpaliya
Chief Financial Officer

**SOLAR INDUSTRIES INDIA LIMITED**

(CIN: L74999MH1995PLC085878)

Registered Office: 11, Zade Layout, Bharat Nagar, Nagpur – 440 033 (M.S.)

Tel: 91-712-6681888 | Fax: 91-712-2560202

E-mail id: investor.relations@solargroup.com | Website : www.solargroup.com

INVITATION**July 10, 2017****Dear Members,**

You are cordially invited to attend the 22nd Annual General Meeting of the members of **Solar Industries India Limited** ('the Company') scheduled to be held on **Monday, August 21, 2017 at 12:30 p.m. at Hotel Tuli Imperial, Central Bazar Road, Ramdaspath, Nagpur – 440 010, Maharashtra.**

The Notice of the meeting, containing the business to be transacted, is enclosed herewith.

As per Section 108 of the Companies Act, 2013, read with related Rules and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, the Company is pleased to provide its members the facility to cast their vote by electronic means on all resolutions set forth in the Notice. The instructions for e-voting are enclosed herewith.

Very truly yours,

(Khushboo A. Pasari)

Company Secretary & Compliance officer

Enclosures:

1. Notice to the 22nd Annual General Meeting (AGM)
2. Instructions for e-voting
3. Route Map
4. Attendance Slip
5. Proxy Form
6. Ballot Form

Notice

Calling 22nd Annual General Meeting

Notice is hereby given that the **Twenty Second Annual General Meeting** of the members of Solar Industries India Limited (CIN: L74999MH1995PLC085878) will be held on **Monday, August 21, 2017** at **12:30 p.m.** at **Hotel Tuli Imperial, Central Bazar, Ramdaspath, Nagpur – 440 010, Maharashtra** to transact the following businesses:

ORDINARY BUSINESS:

ITEM NO. 1

Adoption of Financial Statements

To receive, consider and adopt the Audited Financial Statements (including Audited Consolidated Financial Statements) of the Company for the financial year ended on March 31, 2017 and the Reports of the Board of Directors and Auditors thereon.

ITEM NO. 2

Interim & Final Dividend

To declare a Final Dividend of ₹3/- per Equity Share and to confirm the payment of Interim Dividend of ₹2/- per Equity Share, already paid during the year, for the year ended on March 31, 2017.

ITEM NO. 3

Appointment of Shri Kailashchandra Nuwal (DIN: 00374378) as Director retiring by rotation.

To appoint a Director in place of Shri Kailashchandra Nuwal (DIN: 00374378), who retires by rotation, and being eligible, offers himself for re-appointment.

ITEM NO.4

Appointment of Statutory Auditors of the Company

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

“RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 (the Act), and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and

pursuant to recommendation of the Audit Committee and the Board of Directors, M/s SRBC & Co. LLP, Chartered Accountants, (Firm Registration No. 324982E) jointly with M/s Akshay Rathi & Associates, Chartered Accountants, (Firm Registration No. 139703W) be and are hereby appointed as Statutory Auditors of the Company in place of M/s Gandhi Rathi & Co, Chartered Accountants (Firm Registration No.103031W) whose tenure expires at the ensuing Annual General Meeting, at such remuneration plus reimbursement of out of pocket, travelling and living expenses etc., as may be mutually agreed between the Board of Directors of the Company and the said Auditors.

RESOLVED FURTHER THAT M/s SRBC & Co. LLP, Chartered Accountants with M/s Akshay Rathi & Associates, Chartered Accountants, if appointed as the Statutory Auditors of the Company, shall hold office for a period of five years, from the conclusion of this Twenty second Annual General Meeting till the conclusion of Twenty seventh Annual General Meeting of the Company (subject to ratification of the appointment by Members at every Annual General Meeting held after this Annual General Meeting).

RESOLVED FURTHER THAT the Board of Directors and Mrs. Khushboo Pasari, Company Secretary of the Company (including its Committee thereof), be and are hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this Resolution.”

SPECIAL BUSINESS:

ITEM NO 5

Re-appointment of Shri Roomie Dara Vakil (DIN: 00180806) as an Executive Director of the Company for a period of one year effective from April 01, 2017.

To consider and if thought fit, to pass with or without modification, the following resolution as Special Resolution:

“RESOLVED THAT pursuant to recommendation of the Nomination and Remuneration Committee, and approval of the Board and subject to the provisions of Sections 196, 197, 198, 203 and other applicable provisions of the Companies

Act, 2013 and the rules made thereunder (including any statutory modification or re-enactment thereof) read with Schedule-V of the Companies Act, 2013 and Articles of Association of the Company, approval of the members of the Company be and is hereby accorded to the re-appointment of Shri Roomie Dara Vakil (DIN: 00180806), as a Whole time Director designated as Executive Director of the Company for a period of one year with effect from April 01, 2017 to March 31, 2018.

RESOLVED FURTHER THAT the payment of salary, commission and perquisites (hereinafter referred to as “remuneration”), upon the terms and conditions as detailed in the explanatory statement attached hereto, which is hereby approved and sanctioned with authority to the Board of Directors to alter and vary the terms and conditions of the said re-appointment and / or agreement in such manner as may be agreed to between the Board of Directors and Shri Roomie Dara Vakil.

RESOLVED FURTHER THAT the remuneration payable to Shri Roomie Dara Vakil, shall not exceed the overall ceiling of the total managerial remuneration as provided under Section 197 of the Companies Act, 2013 or such other limits as may be prescribed from time to time.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors or Director(s) to give effect to the aforesaid resolution.”

ITEM NO.6

Ratification of Cost Auditor's Remuneration

To approve the remuneration of the Cost Auditors for the financial year ending March 31, 2018 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 pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), M/s Khanuja Patra & Associates, Nagpur, the Cost Auditors

appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year 2017-18 ending on March 31, 2018, be paid the remuneration as set out in the Explanatory Statement annexed to the Notice convening this Meeting.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to do all such acts deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution.”

By Order of the Board of Directors,
For Solar Industries India Limited

(Khushboo A. Pasari)
Company Secretary & Compliance Officer

Date: July 10, 2017

Place: Nagpur

Registered office:

11, Zade Layout, Bharat Nagar, Nagpur - 440 033 (M.S.)

CIN: L74999MH1995PLC085878

Email id: investor.relations@solargroup.com

Website: www.solargroup.com

NOTES:

1. The respective Explanatory Statements, pursuant to Section 102 of the Companies Act, 2013, in respect of the business under Item Nos. 3 to 5 of the accompanying Notice are 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.

A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the company carrying voting rights. A member holding more than ten percent of the total share capital of the company carrying voting rights may appoint a single person as proxy

and such person shall not act as a proxy for any other person or shareholder.

Corporate members intending to send their authorised representatives to attend the meeting are requested to send to the company a certified copy of the board resolution authorising their representative to attend and vote on their behalf at the meeting.

3. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, members would be entitled to inspect the proxies lodged, at any time during the business hours of the Company, provided not less than three (3) days written notice is given to the Company.
4. Disclosure pursuant to Regulation 36(3) of the SEBI (Listing Obligation and Disclosures Requirements) Regulations, 2015 with respect to the Directors seeking Appointment/ re-appointment at the forthcoming Annual General Meeting is incorporated in the annexure to the notice.

5. Pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Rules made thereunder, the tenure of the current auditors of the Company, M/s Gandhi Rathi & Co, Chartered Accountants expires. The Board of Directors & members of Audit Committee have recommended the name of M/s SRBC & Co. LLP, Mumbai jointly with M/s Akshay Rathi & Associates, Chartered Accountants, Nagpur to the shareholders to appoint them as the statutory auditors of the Company for a period of 5 years subject to ratification by members at every Annual General Meeting and to fix their remuneration for the year 2017-18.
6. Pursuant to the provisions of Section 91 of the Companies Act, 2013, the Register of Members and Share Transfer books of the Company will remain closed from Friday, August 11, 2017 to Monday, August 21, 2017 (both days inclusive) for annual closing and determining the names of members eligible for Final Dividend on Equity Shares for the FY 2016-17 if declared at 22nd Annual General Meeting.

7. The Register of Directors & KMP and their shareholding maintained under Section 170 of Companies Act, 2013 will be available for inspection at the AGM.
8. 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 101, 247 Park, L B S Marg, Vikhroli West, Mumbai 400 083 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.
9. Subject to the provisions of Section 126 of the Companies Act, 2013, the payment of Dividend, upon declaration by the shareholders at the forth coming Annual General Meeting, will be made on or after September 07, 2017 as under:
 - a) To all those beneficial owner(s) holding shares in electronic form as per the beneficial ownership data as may be made available to the Company by National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) as of the end of the day on **August 10, 2017**.
 - b) To all those shareholders holding shares in physical form after giving effect to all the valid share transfers lodged with the Company before the closing hours on **August 10, 2017**.
10. 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.
11. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their Demat accounts. Members holding shares in physical form can submit their PAN to the Company / Registrar.
12. 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.
13. During the FY 2016-17, the Company has transferred to the Investor Education & Protection Fund, the unclaimed Final Dividend for the and the Interim Dividend for the FY 2009-10.

During the current FY 2017-18, Company will be required to transfer the unclaimed Final Dividend for the FY 2009-10 and Interim Dividend for the FY 2010-11. 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.

Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on September 22, 2016 (date of last Annual General Meeting) on the website of the Company (www.solargroup.com), as also on the website of the Ministry of Corporate Affairs.
14. In terms of Section 101 and 136 of the Companies Act, 2013 read together with the Rules made thereunder, the listed companies may send the notice of Annual General Meeting and the Annual Report, including Financial Statements, Board Report, etc. by electronic mode. The Company is accordingly forwarding soft copies of the above referred documents to all those members who have registered their email ids with their respective depository participants or with the share transfer agent of the Company.
15. Members who have not registered their E-mail addresses so far are requested to register their E-mail address with the Company for the purpose of service of documents viz. Annual Report, Notice of General Meetings, etc. by email.
16. Documents referred to in the Notice and the explanatory statement shall be open for inspection by the members at the registered office of the Company on all working days (Monday to Saturday) from 10.00 a.m. to 1.00 p.m. except holidays, upto the date of the meeting.
17. Members/Proxies are requested to bring the copies of Annual Reports to the meeting.
18. A route map showing direction to reach the venue of the 22nd Annual General Meeting is given at the end of this notice as per requirement of the Secretarial Standard-2 on "General Meeting"
19. **Voting through Electronic means:**

In terms of the provisions of Section 108 of the Companies Act, 2013 (the Act) read with rule 20 of the Companies (Management and Administration) Rules, 2014 (hereinafter called "the Rules" for the purpose of this Section of the Notice) and Regulation 44 of the SEBI (Listing Obligation and Disclosures Requirements) Regulations, 2015, the Company is providing facility to

exercise votes on the items of business given in the Notice through electronic voting system, to members holding shares as on **Monday, August 14, 2017 (End of Day)** being the Cut-off date (Record date for the purpose of Rule 20 (3) (vii) of the Rules) fixed for determining voting rights of members, entitled to participate in the e-voting process, through the e-voting platform provided by CDSL.

The voting period begins on **Friday, August 18, 2017 at 10:00 a.m. and ends on Sunday, August 20, 2017 at 05:00 p.m.** During this period shareholders' of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date (record date) of **Monday, August 14, 2017** may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

The instructions for shareholders voting electronically are as under:

A. For members who receive notice of Annual General Meeting through E-mail:

- (i) The voting period begins on **Friday, August 18, 2017 at 10.00 a.m. and ends on Sunday, August 20, 2017 at 5.00 p.m.** During this period shareholders' of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date (record date) of **Monday, August 14, 2017** may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iii) Click on Shareholders / Members
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> • Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Postal Ballot / Attendance Slip indicated in the PAN field.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> • If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant SOLAR INDUSTRIES INDIA LIMITED on which you choose to vote
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/ NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xvii) If a demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xix) Note for Non – Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutiniser to verify the same.

- In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

B. In case of members who receive notice of Annual General Meeting in physical Form:

- (i) Members holding shares either in demat or physical mode who are in receipt of Notice in physical form, may cast their votes using the Ballot Form enclosed to this Notice. Please refer instructions under heading 'C' below for more details.
- (ii) Members may alternatively opt for e-voting, Please follow steps from sl. no. (i) to sl. no. (xvii) Under heading A above to vote through e-voting platform.

C. For members who wish to vote using Ballot Form:

- (i) Regulation 44 of the SEBI (Listing Obligation and Disclosures Requirements) Regulations, 2015, members may fill in the Ballot Form enclosed with the Notice (a copy of the same is also part of the soft copy of the Notice) and submit the same in a sealed envelope to the Scrutiniser, Shri Tushar Pahade Partner at M/s Joshi Pahade & Associates, Practicing Company Secretaries, Unit: Solar Industries India Limited. C/o. Link Intime India Pvt. Ltd C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai 400 083 so as to reach by 5.00 p.m. on **Sunday, August 20, 2017**. Unsigned, incomplete or incorrectly ticked forms are liable to be rejected and the decision of the Scrutiniser on the validity of the forms will be final
- (ii) In the event, a member casts his votes through both the processes i.e. e-voting and Ballot Form, the votes in the electronic system would be considered and the Ballot Form would be ignored.

D. General Instructions

(i) The Company has appointed Shri Tushar Pahade Partner at M/s Joshi Pahade & Associates, Practicing Company Secretaries (FCS No. 7784 CP No. 8576), having address Unit: Solar Industries India Limited. C/o. Link Intime India Pvt. Ltd., C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai 400 083, as a Scrutiniser for conducting the e-voting process, (including voting

through Ballot Form received from the members) in a fair and transparent manner.

(ii) The Scrutiniser shall, within a period not exceeding three (3) working days from the conclusion of the e-voting period, unlock the votes in the presence of at least two (2) witnesses, not in the employment of the Company and make a Scrutiniser's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.

(iii) In the event of a poll, please note that the members who have exercised their right to vote by electronic means/ through ballot form as above shall not be eligible to vote by way of poll at the meeting. The poll process shall be conducted and report thereon will be prepared in accordance with Section 109 of the relevant Rules. In such an event, votes cast under poll taken together with the votes cast through E-Voting and using Ballot Form shall be counted for the purpose of passing resolution(s).

By Order of the Board of Directors,
For Solar Industries India Limited

(Khushboo A. Pasari)

Company Secretary & Compliance Officer

Date: July 10, 2017

Place: Nagpur

Registered office:

11, Zade Layout, Bharat Nagar, Nagpur - 440 033 (M.S.)

CIN: L74999MH1995PLC085878

Email id: investor.relations@solargroup.com

Website: www.solargroup.com

EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013.**ITEM NO. 3**

Appointment of Shri Kailashchandra Nuwal (DIN: 00374378) as a Director who retires by rotation and being eligible, offers himself for re-appointment.

As regards re-appointment of retiring director Shri Kailashchandra Nuwal (DIN: 00374378) referred to in Item No. 3, of the Notice, brief resume of Shri Kailashchandra Nuwal, his nature of expertise in specific functional areas, names of Companies in which he hold directorships/ chairmanship of Board Committees, shareholding and relationships between directors is provided in the Annexure attached to the Notice. The Board of Directors recommends his re-appointment.

Except promoter Directors and Key Managerial Personnel of the Company and their relatives, no other person is concerned or interested, financially or otherwise, in the resolution set out at Item No. 3 of the notice.

The Board recommends the Ordinary Resolution set out at Item No. 3 of the Notice for approval by the shareholders.

ITEM NO. 4

This Explanatory Statement is provided though strictly not required as per Section 102 of the Act.

Pursuant to the provisions of Section 139 of the Act read with applicable Rules framed thereunder, M/s Gandhi Rathi & Co., Chartered Accountants, the present

Auditors of the Company complete their term as Auditors.

In view of the above, M/s SRBC & Co. LLP, Chartered Accountants, (Firm Registration No. 324982E) jointly with M/s Akshay Rathi & Associates, Chartered Accountants, (Firm Registration No. 139703W), have been recommended to be appointed as Auditors of the Company for a term of five years commencing from the conclusion of the 22nd Annual General Meeting till the conclusion of the 27th Annual General Meeting, subject to ratification of their appointment by the Members at every intervening Annual General Meeting on a remuneration plus applicable taxes, out-of-pocket expenses, etc. incurred in connection with the Audit as may be decided by the Board of Directors in consultation with the Auditors.

The Board recommends the Resolution at Item No.4 for approval by the Members.

None of the Directors or Key Managerial Personnel and their relatives are concerned or interested, financially or otherwise, in the Resolution at Item No.4 of the Notice.

ITEM NO. 5

Re-appointment of Shri Roomie Dara Vakil (DIN: 00180806) as an Executive Director

Shri Roomie Dara Vakil, was formally appointed as an Executive Director by the members for a period of 3 years at the 19th Annual General meeting to hold office upto March 31, 2017. As he has crossed the age limit mentioned in

Section 196 (3), continuation of his employment as an Executive Director requires the approval of members by way of a special resolution.

Keeping in view that Shri Roomie Dara Vakil has rich and varied experience in the Industry and has been involved in the operations of the Company over a long period of time; it would be in the interest of the Company to continue the employment of Shri Roomie Dara Vakil as an Executive Director.

In terms of the Corporate Governance Guidelines of the Company and pursuant to the recommendation of the Nomination and Remuneration Committee, the Board

of Directors of the Company passed a resolution on May 29, 2017 approving re-appointment of Shri Roomie Dara Vakil, as Executive Director of the Company for a further period of one year with effect from April 01, 2017 to March 31, 2018. This is subject to the approval of the shareholders at this Annual General Meeting.

Shri Roomie Dara Vakil (DIN: 00180806) is not disqualified from being appointed as director in terms of Section 164 of the Act and has given his consent to act as director and will be liable for retire by rotation.

The details of remuneration payable to Shri Roomie Dara Vakil and the terms and conditions of the re-appointment are given below:

1. Period	From 1 st April, 2017 to 31 st March, 2018
2. Remuneration	
Salary	₹2,00,000 to ₹5,00,000 per month
Perquisites: for this purpose perquisites are classified into three categories A, B and C	
Category 'A'	
a) Medical Reimbursement	Expenses incurred, including Medical Insurance for self and family subject to a ceiling of one month's basic salary in a year or subject to a maximum of three month's basic salary over period in three years.
b) Bonus:	As per policies and rules of the Company.
c) Club:	Fees of clubs subject to a maximum of two clubs, admission and life membership fees not being allowed.
d) Personal Accident Insurance/ Term Life Insurance	Premium not exceeding ₹5000/- p.a
Category 'B'	
a) Company's contribution towards Provident Fund, Superannuation Fund.	
b) Gratuity payable shall not exceed half Month's salary for each completed year of service or part thereof.	
c) Leave Entitlement: As per Company's Policy	
Category 'C'	
a) The Company shall provide a car with chauffeur and telephone at the residence. Provisions of the car for use in Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls and use of car for Private purpose shall be billed by the Company	
Other allowances, benefits and perquisites admissible as per Rules of the Company, from time to time framed by Nomination and Remuneration Committee.	

The Board of Directors recommends the resolution in relation to the re-appointment of Executive Director, for the approval of the shareholders of the Company.

Notice has been received from member signifying their intention to propose appointment of Shri Roomie Dara Vakil as Executive Director of the Company along with a deposit of ₹1,00,000.

Brief resume of Shri Roomie Dara Vakil, nature of his expertise in specific functional areas and names of companies in which he hold directorships and memberships/ chairmanships of Board Committees, shareholding and relationships between

directors is provided in Annexure attached to the Notice.

Except Shri Roomie Dara Vakil or their relatives, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise in this resolution set out at Item no. 5.

ITEM NO.6

The Board, on the recommendation of the Audit Committee, has approved the appointment of Shri Deepak Khanuja Partner of M/s Khanuja Patra & Associates as Cost Auditor to conduct the audit

of the cost records of the Company for the financial year 2017-18 ending on March 31, 2018 at the Audit Fees of ₹1,10,000 (Rupees one Lakh and Ten Thousand only).

None of the Directors and Key Managerial personnel or their relatives of the Company are in anyway concerned or interested, financially or otherwise, in the resolution set out at Item no.6 of the Notice.

**By Order of the Board of Directors,
For Solar Industries India Limited**

(Khushboo A. Pasari)
Company Secretary & Compliance Officer

Date: July 10, 2017
Place: Nagpur

Registered office:

11, Zade Layout, Bharat Nagar, Nagpur - 440 033 (M.S.)
CIN: L74999MH1995PLC085878
Email id: investor.relations@solargroup.com
Website: www.solargroup.com

ANNEXURE TO ITEM NO. 3 and 5

Details of Directors seeking appointment and re-appointment at the forthcoming
22nd Annual General Meeting

(In pursuance of Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements)
Regulations, 2015)

As on March 31, 2017

Name of the Director	Shri Kailashchandra Nuwal	Shri Roomie Dara Vakil
Date of Birth	06.07.1957	13.02.1943
Date of Appointment	25.10.2005	25.10.2005
Nationality	Indian	Indian
Qualifications	Graduate	Post Graduate in Mining (Geology)
Brief Profile	He has been associated with the Solar Group's multiple ventures. A key driver of the Group's Strategic Planning function, he is critical to its evolution as an industry leader and has been instrumental in the Group consistently sustaining a leadership position in explosives used in the infrastructure and housing segments. With his intuitive knowledge of industry trends, he has a deep understanding of the market pulse, which he is constantly applying for the benefit of the Company and its stakeholders	He is associated with the Solar Group for the past 15 years. He oversees the Company's marketing division, with the responsibility of managing domestic and international marketing functions. With his strong expertise, he is also involved in the bigger role of planning of sales of all products manufactured by the Solar Group. His customer-centric approach is a key driver of the Company's growth as he believes that an organisation's success is inexorably linked to its customers. Delivering value to customers is thus at the heart of the Company's business model, of which he is an important pillar.
Disclosure of relationship between directors inter-se	Brother of Shri Satyanarayan Nuwal and Uncle of Shri Manish Nuwal	Nil
Expertise in Specific Functional Area	Involved in planning Business Strategies and its implementation, Operations, Administration, Sales & Marketing.	Wide experience in sales, Marketing and managerial skills.
Number of Shares held in the Company	17739095	500
List of the Directorship held in other companies	1. Economic Explosives Limited 2. Solar Mines & Minerals Limited 3. Solar Mining Resources Limited 4. Solar Initiating Systems Limited 5. Solar Synthetics Private Limited 6. Solar Processors (Bhilwara) Limited 7. Solar Defence Limited 8. Solar Defence Systems Limited	Nil
Chairman/ Member in the committees of Board of other Companies in which he/she is the Director	Member of Stakeholders Relationship Committee of Solar Industries India Limited	Member of Stakeholders Relationship Committee of Solar Industries India Limited

For other details such as number of meetings of the board attended during the year, remuneration drawn and relationship with other directors and key managerial personnel in respect of Shri Kailashchandra Nuwal & Shri Roomie Dara Vakil, please refer to the Corporate Governance Report.



SOLAR INDUSTRIES INDIA LIMITED

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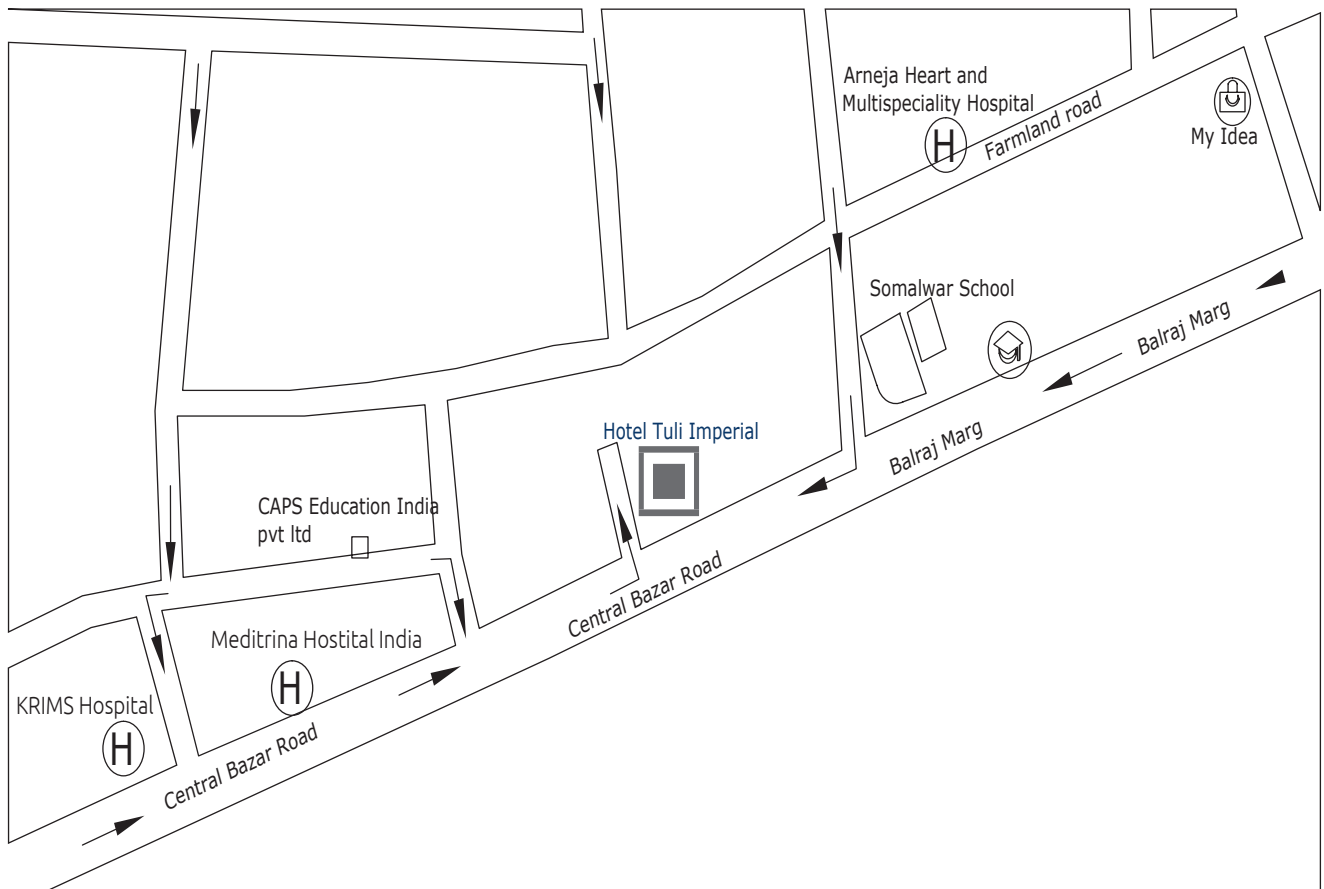
Tel: 91-712-6681888 | Fax: 91-712-2560202

e-mail id: investor.relations@solargroup.com | Website : www.solargroup.com

ROUTE MAP

Route Map to the AGM Venue of:

Solar Industries India Limited,
22nd Annual General Meeting,
Monday, August 21, 2017 at 12:30 p.m.



Venue:

Hotel Tuli Imperial,
Central Bazar Road,
Ramdaspath,
Nagpur - 440010,
Maharashtra.



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ATTENDANCE SLIP

22nd Annual General Meeting – August 21, 2017

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 22nd Annual General Meeting of the Company to be held on **Monday the 21st Day of August, 2017 at 12.30 P.M.** at Hotel Tuli Imperial, Central Bazar Road, 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 1: Please complete this attendance slip and hand it over at the entrance of the Meeting Hall.

Note 2 : Members are requested to bring their copies of Notice and 22nd Annual Report to the Meeting as the same will not be circulated at the meeting.



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PROXY FORM

Form No. MGT-11

[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Company : SOLAR INDUSTRIES INDIA LIMITED

Registered office : 11, Zade Layout, Bharat Nagar, Nagpur-440033 (M.S.)

Name of the member (s) : _____

Registered address : _____

E-mail ID : _____

Folio No/ Client ID : _____

DP ID : _____

I/We, being the member(s) of _____ shares of the above named company, hereby appoint:

(1) Name : _____ Address : _____

E-mail Id : _____ Signature : _____ or failing him

(2) Name : _____ Address : _____

E-mail Id : _____ Signature : _____ or failing him

(3) Name : _____ Address : _____

E-mail Id : _____ Signature : _____

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **Twenty Second Annual General Meeting of the Company, to be held on Monday, August 21, 2017 at 12.30 P.M. at Hotel Tuli Imperial, Central Bazar Road, Ramdaspath, Nagpur – 440 010, Maharashtra** and at any adjournment thereof in respect of such resolutions as are indicated below:

Item No.	Brief Particulars of Resolution	I / We assent to the resolution (FOR)	I / We dissent to the resolution (AGAINST)
ORDINARY BUSINESS			
1.	Adoption of Audited Financial Statements for the year ended March 31, 2017 and the Directors and Auditors Report thereon.		
2.	Declaration of Final Dividend.		
3.	Appointment of Shri Kailashchandra Nuwal (DIN: 00374378) as a Director liable to retire by rotation.		
4.	Appointment of Statutory Auditors.		
SPECIAL BUSINESS			
5.	Re-appointment of Shri Roomie Dara Vakil (DIN: 00180806) as an Executive Director of the Company		
6.	Approval of the remuneration of Cost Auditor.		

Affix
One Rupee
Revenue
Stamp
here & sign

Signed this _____ day of _____ 2017

Signature of Shareholder(s)

Notes

1. This form of Proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.
2. The Proxy need not be a member of the Company.
3. A person can act as a Proxy on behalf of the member not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
4. Appointing a proxy does not prevent a member from attending the meeting in person.
5. In case of joint holders, the signature of any one holder will be sufficient, but names of all the joint holders should be stated.
6. It is optional to put "X" in the appropriate column against the Resolution indicated in the Box. If you leave "FOR" or "AGAINST" column blank against any or all resolution(s), your proxy will be entitled to vote in the manner as he/she thinks appropriate.



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BALLOT FORM

(Pl. read carefully the instructions printed overleaf before completing this form)

Sr.No. _____

1. Name : _____
2. Registered Address of Sole / First named Shareholder
(IN BLOCK LETTERS) : _____
3. Name(s) of Joint Shareholder(s), if any
(IN BLOCK LETTERS) : _____
4. Registered Folio No. / DP ID No.* /
Client ID No.* (*Applicable to Investors holding
shares in dematerialised form) : _____
5. Number of Shares held (Equity Share of ₹2/- each) : _____

6. I/We hereby exercise my/our vote in respect of the Ordinary/Special Resolution(s) to be passed for the business stated in the Notice of the Twenty Second Annual General Meeting of the Company scheduled on Monday, August 21, 2017, by conveying my / our assent (FOR) or dissent (AGAINST) to the said Resolution(s) by placing the tick (✓) mark in the appropriate box below:

Item No.	Brief Particulars of Resolution	I / We assent to the resolution (FOR)	I / We dissent to the resolution (AGAINST)
ORDINARY BUSINESS			
1.	Adoption of Audited Financial Statements for the year ended March 31, 2017 and the Directors and Auditors Report thereon.		
2.	Declaration of Final Dividend.		
3.	Appointment of Shri Kailashchandra Nuwal (DIN: 00374378) as a Director liable to retire by rotation.		
4.	Appointment of Statutory Auditors.		
SPECIAL BUSINESS			
5.	Re-appointment of Shri Roomie Dara Vakil (DIN: 00180806) as an Executive Director of the Company		
6.	Approval of the remuneration of Cost Auditor.		

Place:

Date:

Signature of the Shareholder

INSTRUCTIONS

1. Members may fill up the ballot form printed overleaf and submit the same in a sealed envelope to the Scrutiniser, Shri Tushar Pahade, partner at M/s Joshi Pahade & Associates, Practicing Company Secretaries, Unit: Solar Industries India Limited. C/o Link Intime India Pvt. Ltd., C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai 400 083 , or to his e-mail id: tusharpahade@gmail.com, so as to reach by 5:00 p.m. on Sunday, August 20, 2017. Ballot form received thereafter will strictly be treated as if not received.
2. Unsigned, incomplete or incorrectly ticked forms are liable to be rejected and the decision of the Scrutiniser on the validity of the forms will be final.
3. The Company will not be responsible if the Ballot Form torn, mutilated in any manner.
4. In the event member casts his votes through both the processes i.e. E-voting and Ballot Form, the votes in the electronic system would be considered and the Ballot Form would be ignored.
5. The right of voting by Ballot Form shall not be exercised by a proxy.
6. To avoid fraudulent transactions, the identity/ signature of the members holding shares in electronic/demat form is verified with the specimen signatures furnished by NSDL/CDSL and that of the members holding shares in physical form is verified as per the records of the share transfer agent of the Company i.e. M/s Link Intime India Private Limited. Members are requested to keep the same updated.
7. There will be only one Ballot Form for every Folio/ DP ID Client ID irrespective of the number of joint members.
8. In case of joint holders, the Ballot Form should be signed by the first named shareholder and in his/her absence by the next named shareholders. Ballot form signed by a joint holder shall be treated valid if signed as per records available with the Company and the Company shall not entertain any objection on such Ballot Form signed by other joint holders.
9. Where the Ballot Form has been signed by an authorised representative of the body corporate/ Trust/ Society, etc. a certified copy of the relevant authorisation/ Board resolution to vote should accompany the Ballot Form.
10. Instructions for e-voting procedure are available in the Notice calling 22nd Annual General Meeting of the Company and are also placed on the website of the Company (i.e. www.solargroup.com).





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