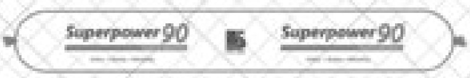
SOLAR INDUSTRIES INDIA LIMITED

Annual Report 2017-18

Our Journey Towards Excellence

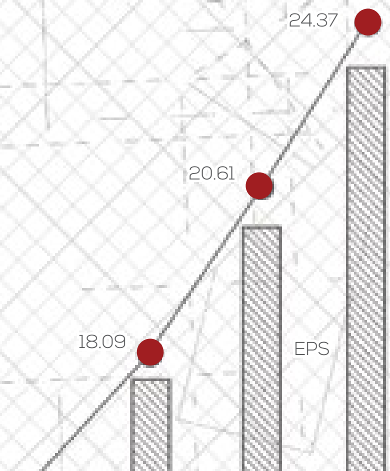
Our products are endorsed by leading Indian and global companies

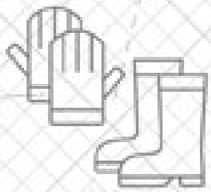


Empowering lives of beneficiaries with our social commitments

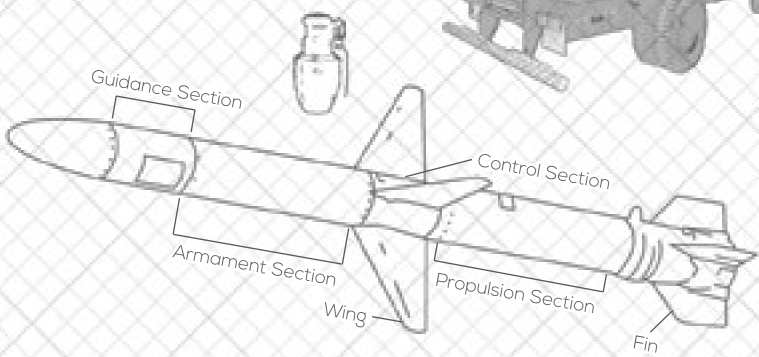
We conduct our operations across multiple manufacturing facilities with high safety standards

We have world's largest manufacturing facility for Packaged Explosives





We have set up integrated facilities to manufacture Rockets and Missiles



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 forward-looking 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 forward-looking 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

Contents

Creating value

For customers

Over decades we have earned the

Trust

of our customers by delivering

Quality

products that meet their requirements

Our products are now consumed in

51 countries globally with

manufacturing facilities in

5 countries

For our community and government

We contributed

₹229.71 Crores

to exchequer in last three years

We have spent

₹11.69 Crores

on corporate social responsibility activities in last three years

For our people

Employee benefit expenses

₹133.48 Crores

in FY 2017-18

Developed strong safety procedures helping us register

12.20 million hours

of accident free man hours as on March 31, 2018

For our investors

Since being listed, we have delivered a total shareholder return of

1230%

We have paid dividends continuously for last

12 years,

with a total dividend payout of

₹219.86 Crores

till date

Our company has received

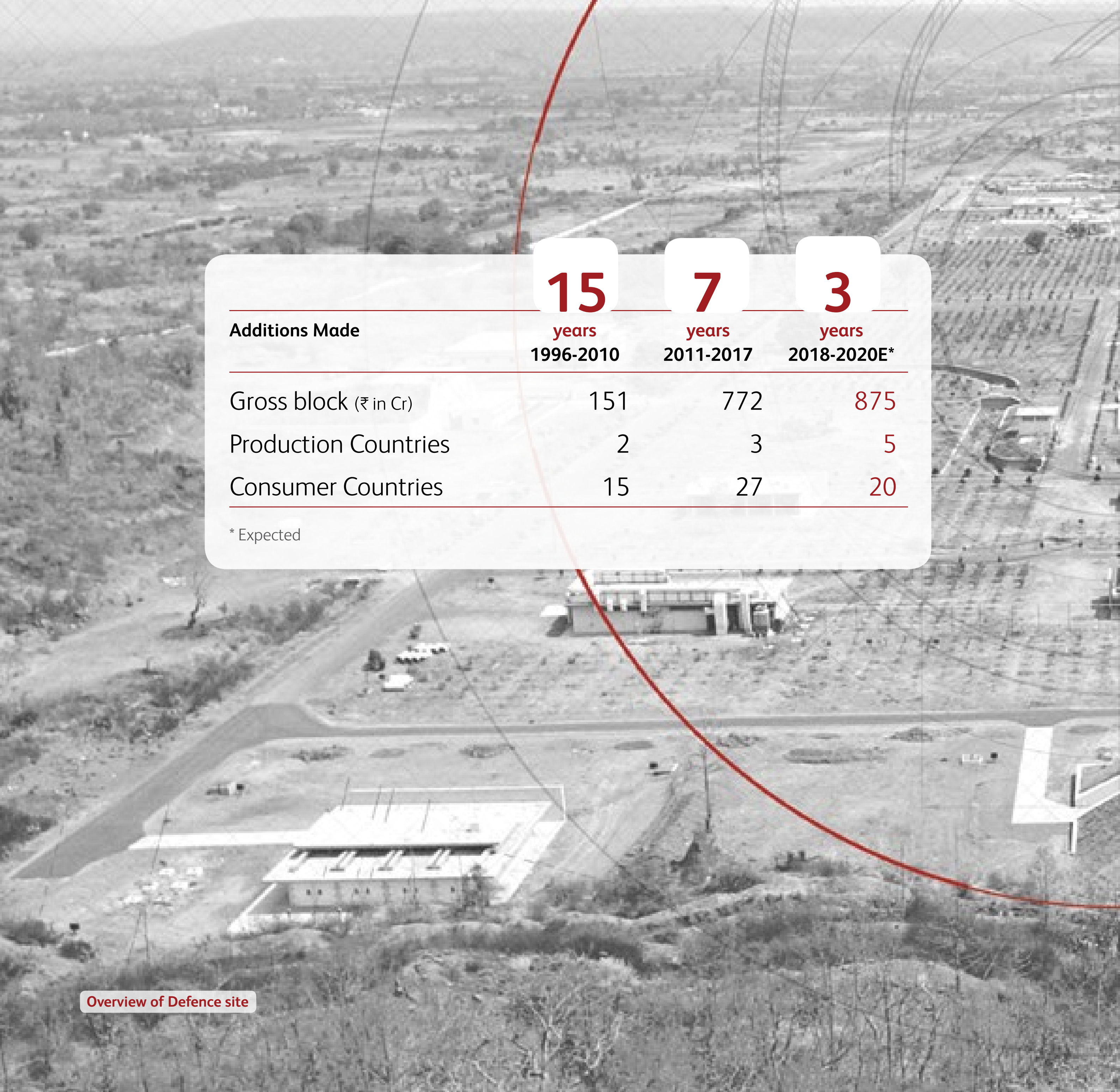
AA/P1+

CRISIL Rating (Positive Outlook)

Our journey towards excellence has been at an impressive pace. And now we intend to **accelerate** it.

Additions Made	15 years 1996-2010	7 years 2011-2017	3 years 2018-2020E*
Gross block (₹ in Cr)	151	772	875
Production Countries	2	3	5
Consumer Countries	15	27	20

* Expected



Overview of Defence site

The Big ones need to be invested for a resounding impact...

As we look at our performances, it's the enduring successes that stand out. We delivered products that have been par excellence. We made strategic investments towards our own and country's self reliance capabilities. We consolidated our presence across our markets, and in the process, we provided true value to all our stakeholders. Driven by the principle of adhering to our commitments to our clients, employees, shareholders and the extended society, we delivered a commendable performance, which in turn inspires us to take strides towards our vision for **FY 2020.**

Solarism
the passion!

At Solar, we possess a rich multi-decade experience of working in an evolving industry landscape. We at Solar Industries bring an unusual passion to our workplace every single day. Passion represents multiple things at Solar.

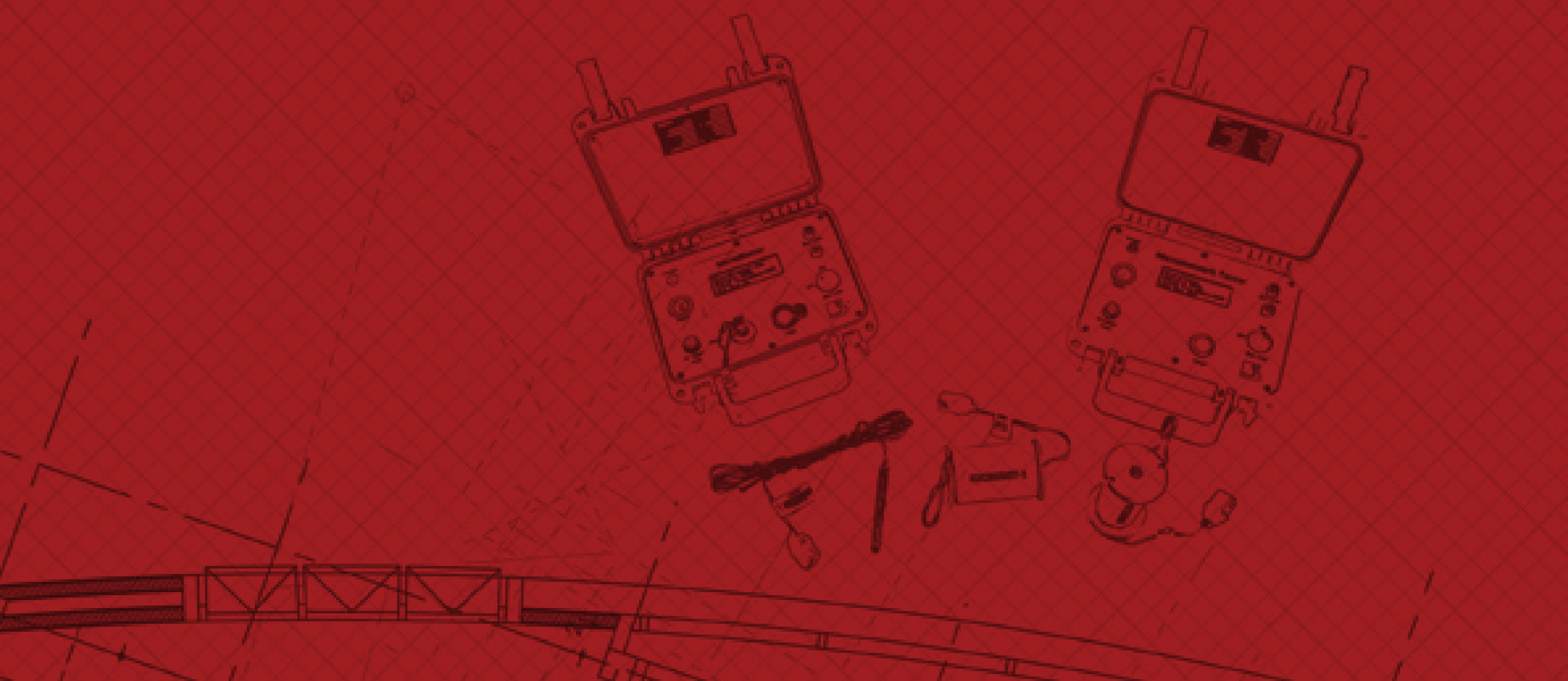
We were among the first to invest in cutting-edge sectoral technologies in India and overseas plants.

We graduated our operational performance to align with Government's 'Make in India' philosophy.

We retained our people across geographies strengthening the entrepreneurial spirit for long-term organisation growth

We worked towards maintaining financial discipline with minimal debts in our books.

We incorporated responsible environment friendly practices at our facilities.



Our vision

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 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.

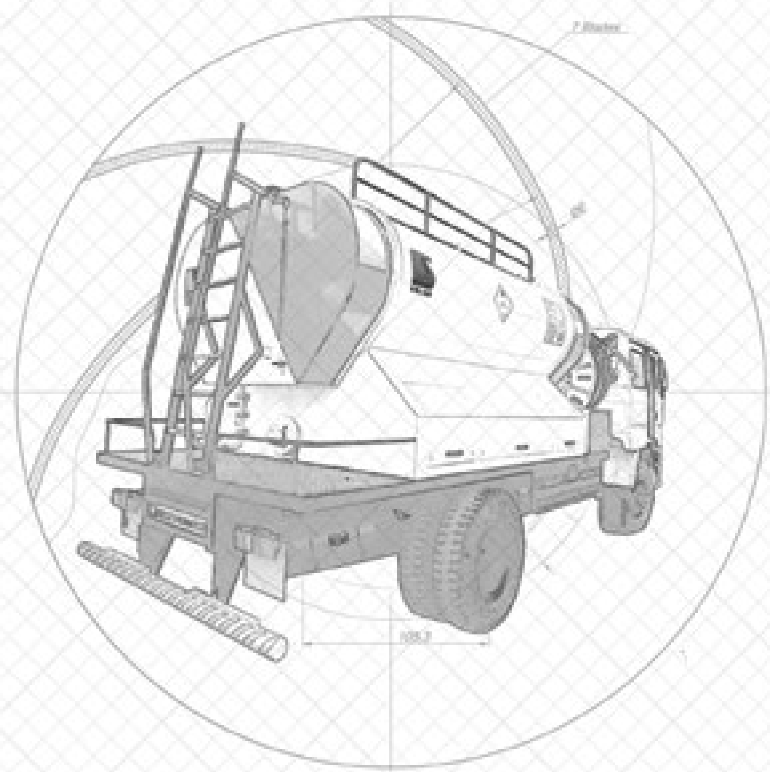
What we offer

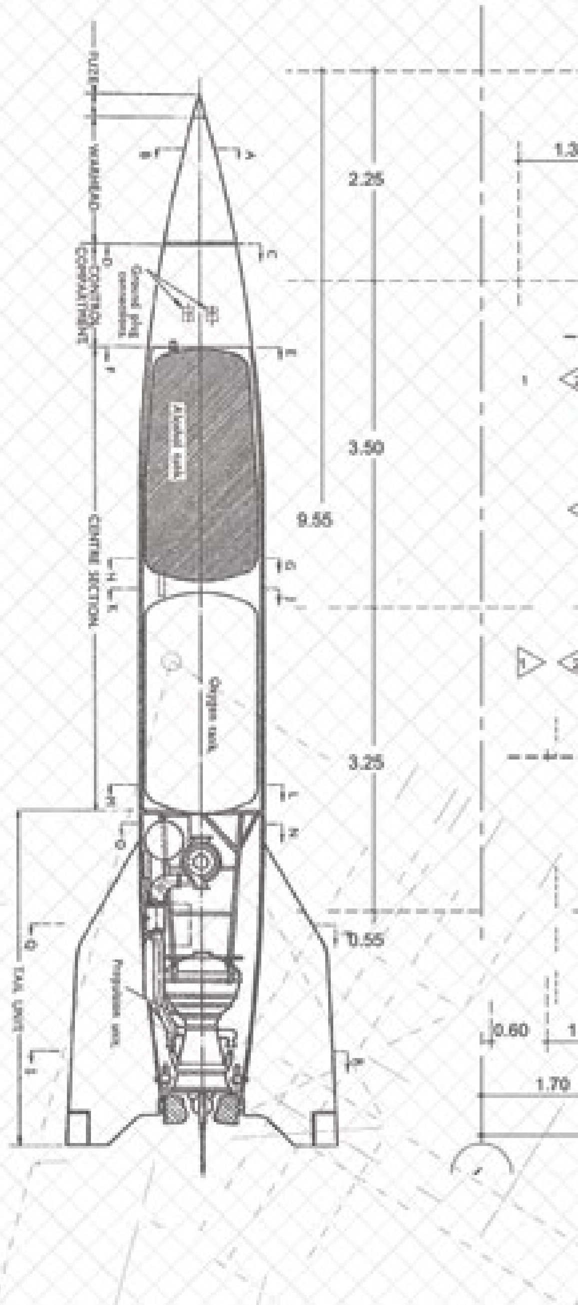
Industrial Explosives

- Bulk Explosives
- Packaged Explosives
- Initiating Systems

Defence Explosives & Ammunition

- High Energy Material (HMX, RDX etc.)
- Composite Propellants for Pinaka, Akash, Brahmos etc
- Filling of Ammunitions and Fuzes
- Rockets and Warheads for Missiles





Solar today

Today we recognize that our leadership in the industrial explosive space is a function of our competitiveness that has transformed us into a market leader. Our ability to sustain market leadership over the years is backed through constantly evolving with changing industry dynamics, innovating with products and staying ahead of the curve.

Visionary Management

Led by one of the doyens of the industry Shri Satyanarayan Nuwal, Solar has grown steadily over the years achieving leadership.

Safety & Quality focused

We believe our success over decades is largely built on the foundation of relentless quality-focused approach. We have stringent quality and safety checks in place to ensure the products offered continue to be among the best in the industry.

Our people

At Solar we recognize our people as a long-term competitive edge. We remain committed towards attracting, retaining and developing our people. We encourage to build an entrepreneurial culture, enabling our employees to think beyond the set targets.

State-of-the-art multi-locational manufacturing

Equipped with the latest machineries and backed with greater cost efficiencies, our state of art multi-locational manufacturing facilities, spread across different countries, help us manufacture innovative and high quality products that meet the diverse customer needs.

Research and development

At Solar, we have successfully positioned ourselves as an innovative and research led company, epitomising thought leadership and product development. This enables us to deliver tailored solutions for our customers which helps us meet the evolving consumer demands.

Integrated operating model

Our integrated business model with forward and backward linkages has helped deliver greater operational efficiencies and strengthen our position in the global market.

Focusing on value-added products

Our leadership in industrial explosives segment remains unabated. In our pursuit towards excellence and sustainable growth, we have expanded our presence into defence sector as well.

Solar by 2020

As we embark on our ‘Next Wave 2020’ plan, we are trying to create a multi -dimensional business model helping us emerge as a leading global industrial and military explosives manufacturing company. Leveraging our experience of more than two decades, we are focused on reshaping our future with a strong value-creation spirit based on our legacy, values and vision for the future.

India: We aim sales volume to grow from 3,00,000 metric tonnes to 4,50,000 metric tonnes by 2020. In this regard we have applied for licenses, have initiated land acquisitions and we are planning for capacity expansion to be able to produce 7,00,000 metric tonnes in the near future.

2017-18
330,000 mt

2018-19E*
380,000 mt

Overseas: We aim for 3 fold revenue increase from FY17 level of ₹350 Crores. In this regard we plan to increase management team and increase are manufacturing facilities from 5 countries to 10 countries. **Overseas revenue planned to cross ₹1,050 Crores by 2020.**

2017-18
₹557 Crores

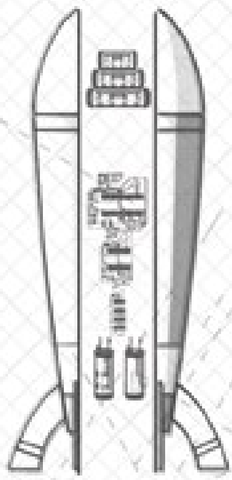
2018-19E*
₹750 Crores

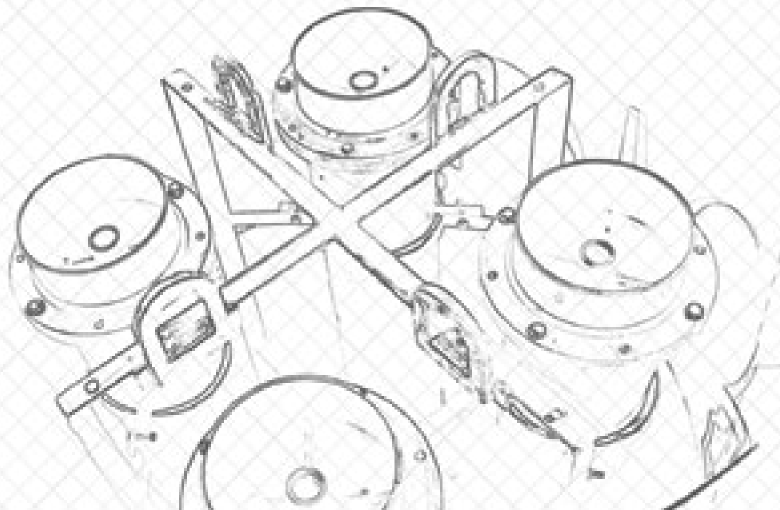
Defence: We aim to earn ₹500 Crores revenue from defence sector by 2020. This is planned to be achieved by commercially rolling out of qualified products, technology absorption and global tie-ups for new products, and participation in strategic partnership programmes.

Order Book as on March 31, 2018
₹255 Crores

2018-19E* (revenue)
₹200 Crores

* Expected





Chairman's Message

Dear Shareholders,

My heartiest greetings to you on behalf of Solar Industries India Limited. It is an honour and privilege to share with you the Company's performance highlights during the year and its plans for the future.

The Indian economy has shown resilience as it has bounced back to register a growth of 7.2% in the third quarter and 7.7% in the fourth quarter, buoyed by the growth in manufacturing and infrastructure. I am satisfied with the progress made by your company during the year despite tepid growth in the Coal sector; primarily made possible due the sustained efforts put in by the Solar team. Our Financial performance has been somewhat in line with the expectations. The volatility in the currency as seen in the last year, has considerably reduced in the year under review and it has shown stability particularly in Nigeria and Turkey.

Performance Overview

Our Net Sales increased from ₹1579.99 Crores in FY-17 to ₹1916.12 Crores in FY-18; registering a growth of 21.27 %. The Profit after Tax has recorded at its highest to date at ₹220.55 Crores as compared to ₹186.54 Crores in FY-17.

In line with our Dividend policy, a payout for FY-18 is 29.68%, as we continue to reward the trust reposed in us by our Shareholders.

I am also happy to report that while our operations in India have continued to grow especially due to push from infrastructure sector. However it was little below our expectation due to slowdown in coal mining. Our overseas and exports business showed exceptional growth in the current year as our quality and services are well accepted in the International Markets.

As far as our Defence division is concerned, we continue to infuse funds to create state of art capabilities particularly in the production of High Energy Materials, Ammunitions, Rockets, Propulsion Systems and War heads among others. Currently we have an order book of ₹255 Crores. Our sales in FY-18 were less than our expectations due to delay in the process of validation and testing which takes substantially long time. However we are confident of achieving much higher sales in the coming years.

The Country has largely been dependent on Imports for Ammunition. It is my firm conviction that with the state of art infrastructure built by us along with the expertise and knowledge gained by us in the manufacture of High Energy Materials and Ammunition, we can contribute substantially to meet the requirement of our Armed Forces.

Economy Overview

The Govt. of India has undertaken major structural changes particularly related to demonetization and the introduction of Goods & Service Tax. These twin actions definitely would have long term beneficial impact on the economy. I am of the view that these changes are going to be a major game changer in the long term and will spur growth and consumption. I am hopeful that in the coming year, we should see a GDP growth of 7.5 to 8%. The current $ 2.6 Trillion economy of India is expected to be $5 Trillion economy by 2025. The Government also aims to increase the contribution of exports to GDP from 18% to 25%. We expect greater incentives for exports in future. We also welcome the Government's decision to reduce fiscal deficit from 3.5 to 3.0 percent.

Infrastructure – One of the Key Customers of this Industry

The budget for 2018 – 19 has allocated a massive outlay for infrastructure at ₹5.97 Lakhs Crores; a whopping 20% increase over the revised estimates of FY-18. This will accelerate various infrastructure projects like roads, highways, ports development, housing etc. The Government's intent on creating 49

Lakhs houses under Pradhana Mantri Awas Yojana and 37 Lakhs Houses in the Urban sector, the demand for cement and steel and aggregate will show great buoyancy. The Ministry of Roads & Highways has planned to convert 2 Lakhs KMs into Four Lane by 2022 among various other projects. All these will boost demand for Explosives.

Mining Sector- The biggest consumer of explosives and initiating systems

The Mining sector; the biggest consumer of explosives and initiating systems in India, consumes almost 80% of the explosives with coal mining being the largest consumer of both packaged and bulk explosives. Coal production in the country during the year was 688 Million Tons, which is about 2.5% growth over the previous year. The target fixed by the Government for the year FY-19 shows a healthy 9% growth in Coal India and Singareni Collieries. We expect that with the major decisions taken to accelerate evacuation of coal, which has been the major bottleneck, these targets are sustainable. This augers well for the Explosive Industry. Moreover, the Government is committed to substantially reduce the import of coal which is about 200 Million Tons annually, as it contributes substantially to the current account deficit.

A major game changing decision taken by Govt. of India is opening up Coal Mines for commercial mining. This will open up coal mining to the Private Sector. We could see large coal mining companies in the World bringing in new technologies and efficient systems in the course of time. This will open up opportunities for companies like ours as it will change the procurement process of the PSUs Commodity Purchase to value addition.

Defence

The Govt. of India's stated policy of developing indigenous sources for ammunition under 'Strategic Partnership' will indeed provide a big boost to the Indian manufacturers like your company, more so with the 7.6% increase in the budget for defence.

The Defence Procurement Policy 2016 and the draft Defence Procurement Manual 2018 lay great emphasis on "strategic partnership" with the private sector under 'Make in India' program. It is aimed at indigenising ammunition production in the country with reduced dependence on imports. I am sure that this would help the Indian manufacturers of Arms & Ammunitions to have a long term assured growth avenues. Our state of art infrastructure facilities for manufacture for HMX and Compounded Products are fully operational and makes us the only company in the private sector in this niche field. We have set up a complete Rocket Assembly plant which would in the long run play a crucial role in considerably reducing the Country's Foreign Exchange out go.

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 modelled on 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 strongly believe that it is our moral duty to provide support to our society at large. Right from the neighborhood environment, we care for the people around us and we take it as our responsibility to work for their benefit and to make a difference to the lives where we can.

Future Outlook

With the best in class technology, complete product range, strong financials and highly skilled work force, I am indeed confident that we will increase our growth in the Explosive Industry as we seek expansion of our capacities both Green field and Brown field.

Our products and services have been well accepted in the International markets and our existing overseas plants will continue to increase volumes. We have also set ourselves a target of increasing our presence in five other countries where there is high potential for explosives demand.

While our product portfolio in the Defence sector is increasing by the day and the fact that many countries internationally are looking at us for a source of supply having assessed our quality and competence to be on par with global manufacturers, this will certainly form a major component of our business turnover in the coming years. We expect domestic off take to increase substantially as the DPSUs and OFB are streamlining their domestic procurement procedure and testing & validation of our products are completed.

I take this opportunity to thank the entire team of Solar for their dedication, hard work and commitment, which has helped us to be on the trajectory of success in every field. I would also like to place on record my sincere appreciation towards the Board of Directors for their guidance and my gratitude to all our stake holders for continued faith in Solar. We together look ahead towards a much bigger future!

Best Regards,

Satyanarayan Nuwal
Chairman

Adding value to our shareholders

Net Sales
21.27%

EBIDTA
25.67%

Profit before tax
25.11%

Profit after tax
18.23%

Earnings per share
18.24%

Book value per share
16.71%

*Increase over FY 2016-17

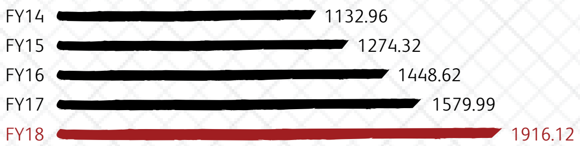
ROCE (%)

With a strong business focus ROCE will increase to 30% by 2020

Dividend Payout
29.68%

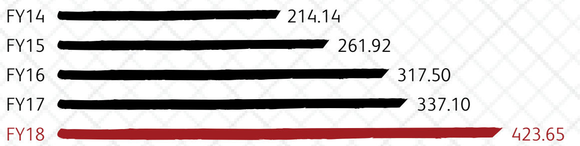
Particulars	2017-18	2016-17
Net sales (in Cr)	1916.12	1579.99
EBIDTA (in Cr)	423.65	337.10
Profit before tax (in Cr)	339.64	271.47
Profit after tax (in Cr)	220.55	186.54
Plough back into business	513.11	370.89
EBIDTA margin	22.11%	21.34%
Earnings per share (₹)	25.81	20.49
Interest cover	11.38	11.10
Gross block	1134.80	922.17
Net worth (in Cr)	1083.86	928.59
Book value per share (in ₹)	119.76	102.61
Return on capital employed	26.48%	25.02%
Return on Equity	20.35%	20.09%
Enterprise Value (in Cr)	10128.64	7613.03
Debt to Equity Ratio	0.44	0.54

Net Sales (₹ in Crores)



5-year CAGR (in %) **11.08**

EBIDTA (₹ in Crores)*



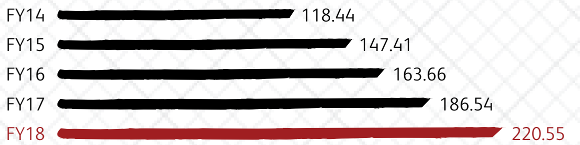
5-year CAGR (in %) **14.62**

*Including other income

Cash profit (₹ in Crores)

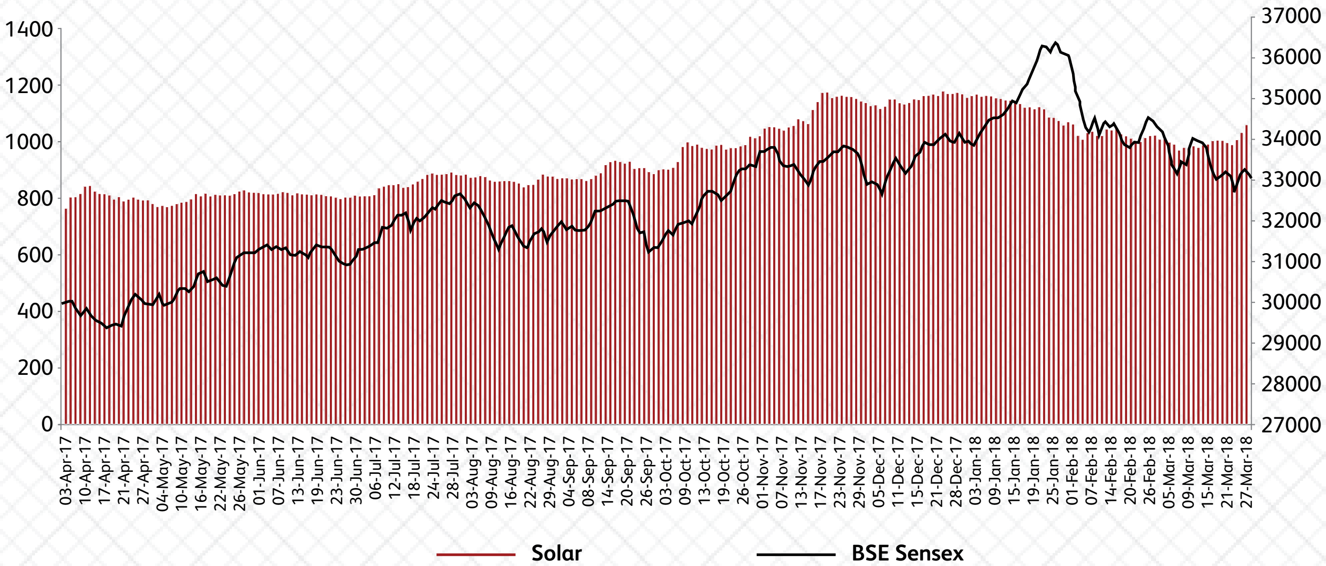
5-year CAGR (in %) **12.48**

PAT (₹ in Crores)



5-year CAGR (in %) **13.24**

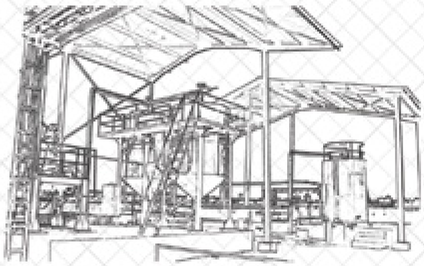
Solar vs Sensex



Transforming for a better tomorrow

From the global perspective, India stands today at the threshold of a meteoric rise as a power economy. The credit goes to the strategic and consistent value that the country has been delivering across myriad industries. And with our sure-footed contributions towards 'Make in India', we are proud and excited to be among the change-makers who are inspired and committed to walk along the blazing trail of India's glowing future!

The evolution of Solar



From a leading industrial explosive manufacturer to an emerging defence ammunition manufacturer

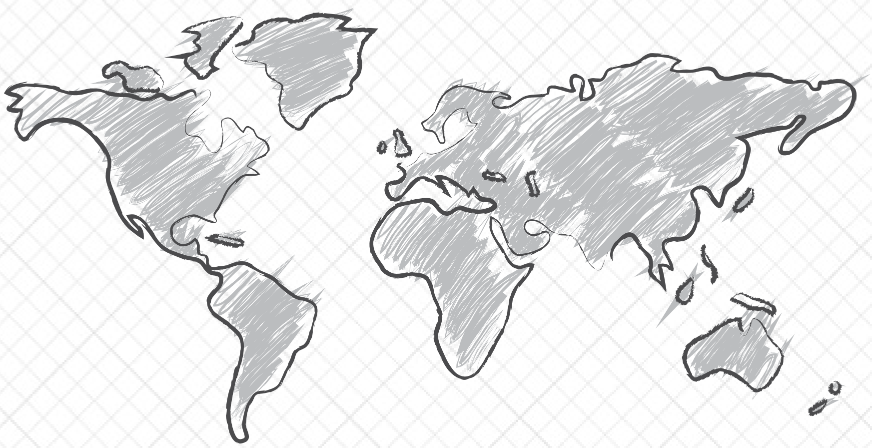
Establishing ourselves as a leading industrial explosives manufacturer, we have diversified into defence explosives to widen our growth prospects

From
Trading
of Industrial explosives

The Company is one of the leading
Global
manufacturer of industrial and defence explosives

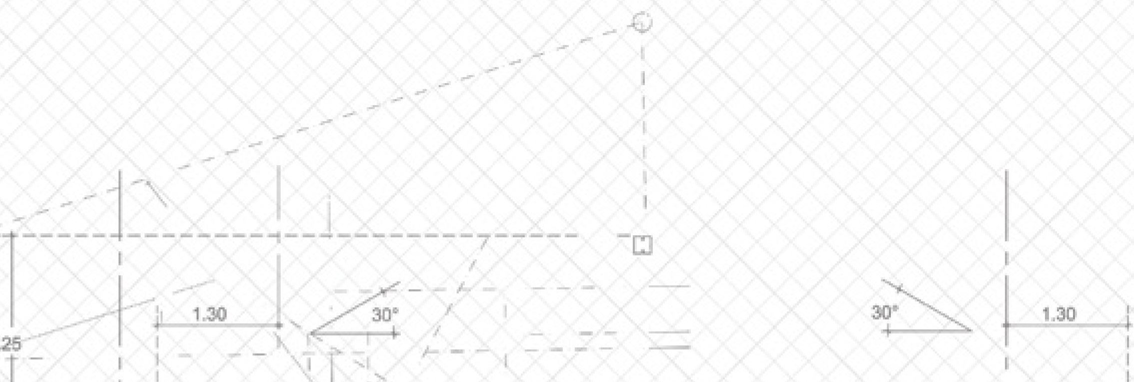
From single country to many countries

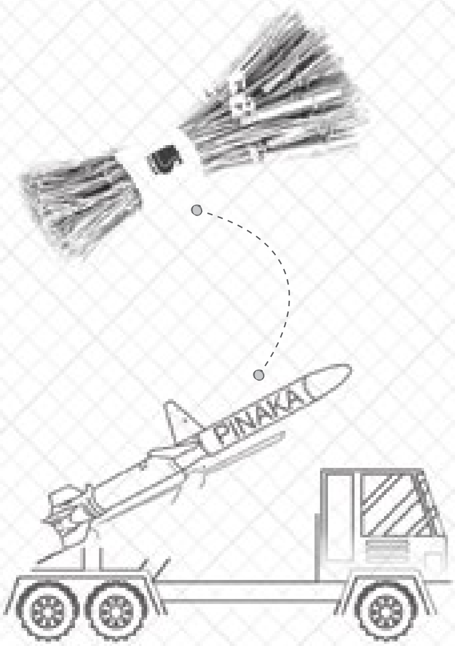
Initially focused on domestic growth opportunities,today solar products are consumed in **51 countries**



The share of exports & overseas business increased by
102%
over the last five years

While the Company's gross block has increased by
73%
over the last five years



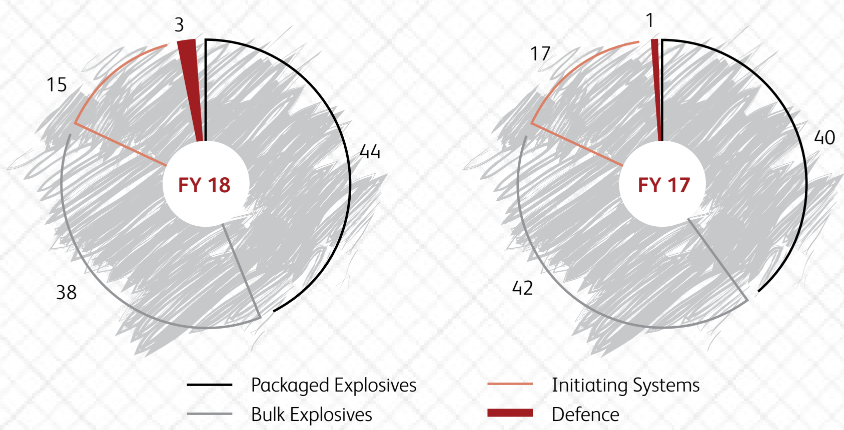


From conventional to innovative products

From manufacturing products for a few clients, today we serve innovative products to wider client base across the globe

Marching into the defence sector

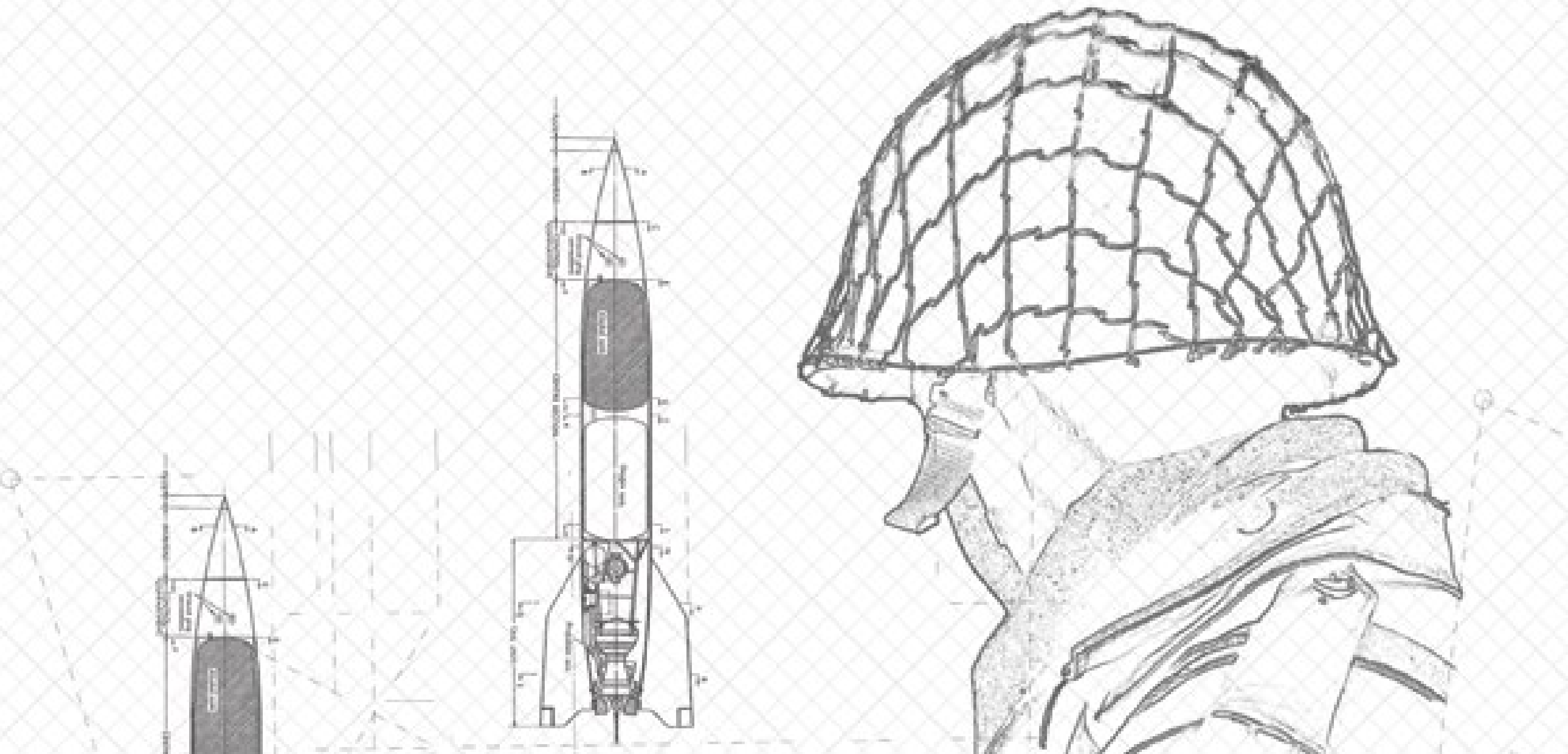
Product wise domestic revenue (in %) | **Product wise domestic revenue (in %)**



From workforce to intellectual capital

Building an enduring business requires facilitating an engagement culture within the organization.

5000+
Manpower



People at the forefront

Solar Industries has always lived by its people philosophy, which centres around talent acquisition, training and development, leadership development, maintaining healthy employee relations, emphasis on compliances and on productivity improvement. To achieve these goals, the Company regularly undertakes training and development programmes, engages employees in various activities and encourages talent through mentoring and entrusting them with responsible positions.

Over the years, the Company has instituted robust and dynamic HR policies that guide its employees and nurtures an environment in which they are perceived as strategic business partners. The policy not only gives clarity on individual roles but also aligns the employee goals with the Company's objectives. Consequently, Solar's employees continue to play a supportive role and attrition is kept to the minimum.

During the year under review, the Company undertook the following initiatives

Structured Interview

At Solar we started a detailed and structured interviewing process to hire people across diverse profiles.

Competency Mapping

Competency mapping process helps identifying right people for different roles in the organization. With dedicated workshops, the process helped develop employees with leadership and management skills.

Work place Management 5S

In our endeavor to enhance employee efficiency and build an engaging employee culture, we have developed a '5S Work Place Management' that has resulted in improved productivity and efficiency levels.

Zero Tolerance

The Company has zero tolerance for sexual harassment at workplace and has adopted a policy on prevention, prohibition and redressal of the same in line with the provisions of the Sexual Harassment at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules thereunder.

Achievements

Certification Award of QCFI Work Place management 5S to Solar Group

Safety, Health, Environment

Safety

Solar keeps the safety of employees dealing with explosives as paramount. Accordingly, the Company conducts training on safety at all levels. Such training is in-built into the systems as a continuous, on-going practice to improve the safety performance and morale of the employees. Strong focus is placed on these training sessions to ensure positive behavioural changes and to pre-empt any incidents due to unsafe acts.

The Company is a member of SAFEX, an international apex body reporting and promoting best practices in safety standards of the explosive industry. Besides, the Company's processes are ISO 9001:2000 and ISO 14001:2004 certified. In addition, products exported to Europe have received CE certification.

The Company also regularly conducts safety training workshops for operators and supervisors through internal and external experts.

As on March 31,2018

	No. of trainings conducted	No. of personnel trained	Total man-hours of training
Supervisor/Executive level:	165	1661	4327
Operator level:	2066	35350	34402

Health

At Solar, employees and workers are considered the most important of assets and the Company takes a lot of care for their health, and also that of their families. The Company has initiated several measures to enable its employees mitigate health-related contingencies and enhance their work concentration levels.

The Company provide healthcare support through periodic medical check-ups and diagnosis camps that are facilitated by specialists and trained doctors to the employees of the Company.

Environment

Solar Industries not only respects the ecosystem it operates in but also works consistently towards conserving it. The Company has adopted eco-friendly technologies across its various operational processes. These policies are aimed at minimising pollution, controlling waste and conserving natural resources. The Company is accredited with OHSAS 18001:2007 certification.

Initiatives for preserving environment

The Company undertook a number of initiatives for environment preservation during the year.

- Plantation of trees across the manufacturing areas.
- Creation of bunds for rainwater harvesting.
- Plantation on hillsides to reduce natural erosion.

Long-term impact for community

To connect with our communities in a meaningful way, at Solar we undertake several initiatives to empower people of underprivileged section of the society. Solar takes pride in giving back to the community with programs spanning across education, healthcare, public welfare, rural development and environment protection.

Education

We contributed towards construction and repair of school infrastructure in several locations within our plant vicinity.

Healthcare & Hygiene

We made special efforts towards constructing and renovation of rehabilitation centres and hospitals. In addition we also made contributions towards providing ambulances and mobile medical van, wheel chairs and conducted free medical camps for people located near our plant locations.

Environment

We continued to make positive strides to maintain a positive ecological balance by planting trees and contributing to NGOs who are actively involved in environment conservation

Rural development

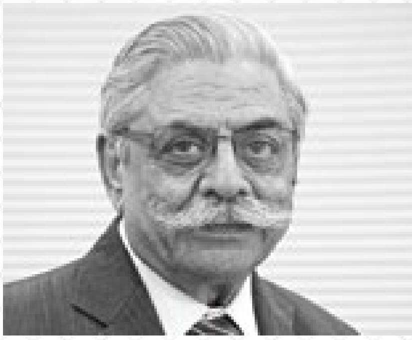
To drive inclusive community development in rural areas, we participated in several programs related to preventive healthcare and general awareness for rural and tribal people. We also helped to set up a R&D Centre for development of medicines from Cow Waste at Govigyan Anusandhan Kendra, Nagpur.

Board of Directors

Shri Satyanarayan Nandlal Nuwal
Chairman and Executive Director

Shri Kailashchandra Nandlal Nuwal
Vice Chairman & Executive Director

Shri Manish Satyanarayan Nuwal
Managing Director & CEO



Shri Roomie Dara Vakil
Executive Director

Shri Anil Kumar Jain
Executive Director

Shri Suresh Menon
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

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
(Resigned from the Board w.e.f May 11, 2018)

Shri Suresh Menon
Executive Director
(w.e.f May 11, 2018)

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-440003
Ph: +91-712-2561000
E-mail: solar@solargroup.com

Statutory Auditors

M/s S R B C & 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,
Ramdaspeth, 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
Standard Chartered Bank
First Rand Bank

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 Ajai Nigam - Chairman
(w.e.f November 14, 2017)
Shri Dilip Patel - Member
(Audit Committee Chairman till November 14, 2017)
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 Manish Nuwal - Member
(w.e.f May 11, 2018)

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

Management Discussion and Analysis

A. Economic and Industry Overview

Global Economic Overview

The global economy which faced many challenges in the first half of 2017 recovered its pace of growth in the second half of 2017. The global growth is expected to be at 3.6% in 2017, up from 3.2% in 2016. The global Purchasing Power Parity (PPP) is expected to rise by around 4%, this is the fastest rate since 2011. This will further help to add $5 trillion of global output in the current value terms. The growth is expected to be driven by US, Emerging Asia and Eurozone. The global economy is expected to grow at 3.7% in 2018 with European Central Bank and Bank of Japan likely to move towards quantitative tightening. Also, the growth rate is in line with the global growth momentum, and is influenced by positive impact of recently approved US tax policy changes. Further, the growth is expected to be affected by growth in emerging markets such as Russia, China and India.

(Source: The guardian, IMF and PWC)

Indian Economy Overview

India is world's seventh largest economy and a home to 1.34 billion people or 18% of the world's total population. Financial year 2017- 18, was a roller coaster year for the country, with growth rate falling to 5.7% in Q1 of FY18 and then bouncing back to 6.3% in Q2 of FY18and then at 7.2% in Q3 of FY18. India ranks at 40 out of 137 countries in the Global Competitiveness Index 2017-18, with improvements in areas such as infrastructure, higher education and training, and technological readiness. India's Ease of doing business rank was also improved by 30 places to include India's name amongst the top 100 countries.

The Indian economy is expected to grow at a rate of 7.2% in 2018-19 mainly due to improvements in world growth, stability in GST, recovery in investment levels, and various structural reforms. India is expected to be the second largest economy of world by 2050 and the world's most populous country by 2024.

(Source: World Economic Forum and Economic Survey 2017-18)

Industrial Explosives Overview

India

Increase in housing and infrastructure projects, and improvement in the public transportation facilities including railways and roadways, is expected to give a boost to the demand of the Industrial Explosives industry. Also, a steady growth in the coal production is expected to lead the growth path of the industrial explosives market. Moreover, India is anticipated to be one of the most important country for the industrial explosives amongst the APAC region.

(Source: Persistence Market Research)

Key Growth Drivers

Road & Infrastructure: Infrastructure sector is one of the key drivers of Indian economy. Indian infrastructure industry is one of the main consumers of Indian explosives. The growth in the number of various infrastructure projects, such as highways, roads, houses and tunnels will give a boost to the industrial explosives industry. Over a period of time an estimated amount of ₹8.5 Lakhs Crores was invested in the construction sector. In FY18, there was a rise of 12% in the budgetary allocation for construction of roads.

(Source: IIFL)

With only 2% of 4.7 Million KMs of road being Fourlaned, the Government of India has taken a massive project of building Express Highways and Highways of 4 lanes and six lanes to facilitate rapid transportation which is key to improving the GDP growth. The pace of road construction is expected to achieve 30 KMs a day by end of this fiscal and the Ministry of Road, Highways and Shipping have targeted to do 40 KMs a day in 2018-19. This will certainly boost the demand for Packaged Explosives and Initiating Systems.

The government is also implementing 1470 highway projects, requiring an investment of ₹4.32 Lakhs Crores across the country. These highways have an ongoing length of 44,108 km, out of which 343 highway projects are pending. The projects are expected to be completed by the end of 2020.

The country is expected to require an investment of $4.5 trillion by 2040 for infrastructure development. Infrastructure sector is a key business driver for steel, zinc and aluminium producers. India's infrastructure is expected to grow at a CAGR of 35.65% from 2008-25.

(Source: IBEF, Business Monitor International's Report on infrastructure industry in India Aranca Research Estimates)

Housing: The Housing sector is one of the biggest demand driver for the cement and quarrying stone industry. Housing sector accounts for over 67% of total cement industry. Government of India has launched various programmes to provide the poor with good living habitat. Some of the government's missions include, Pradhan Mantri Awas Yojana (PMAY), Atal Mission for Rejuvenation and Urban Transformation(AMRUT), and Smart City Project.

The government plans to introduce an Affordable Housing Fund of ₹25000 Crores under National Housing Bank. This will be used to provide the homebuyers with credit facilities. The 90 smart cities shortlisted by the Government of India, is expected to have an investment of ₹191155 Crores. This includes project financing for revamping an Identified Area with investment of ₹152500 Crores. (IBEF)

Mining: India has a huge potential for mining with leases provided for 20 to 30 years. India is a producer of 88 minerals, where, 4 are fuel related, 10 metallic minerals, 50 non-metallic minerals and 24 minor minerals. India is the third largest producer of coal. Explosives are used in the mining industry for the purpose of blasting.

(Source: IBEF & The Balance)

The Mining Sector in India is the largest consumer of Explosives and accounts for 80% of the total explosives consumed. Coal mining is most dominant consumer of explosives accounting for 70% of the total explosives produced in India. The Indian coal sector is expected to be at the center stage with coal's share in energy mix not decreasing below 46% in 2047.

Coal production at the two major Coal companies viz. Coal India Limited and Singareni Collieries Company Limited have been showing a slower growth than targeted in the past two years mainly for two reasons, delay in land acquisitions and evacuation of coal from the mines. This has resulted in acute shortage of coal to the power plants and increased imports. The Government has taken major actions in linking remote coal fields by rail lines and improved availability of rakes to boost up the production in the coming years. Further, the Cabinet Committee on Economic Affairs for the first time has cleared auctioning of Coal Blocks for Commercial mining by Private sector who could market the produce by themselves. This will open up huge opportunities for major coal mining companies in India and abroad to bring in better technology, high capital investments and improve the quality of coal. This will considerably boost the domestic production and also substantially reduce the import of coal which is expected to be around 214 Million Tons this year.

For the year 2018-19, Coal India has raised the target from 2017-18 production level of 567 million tons to 652 million tons. Singareni Collieries have also targeted for a production level of 70 million tons from current level of 62 million tons. This will result in a simultaneous increase in the demand of explosives.

India is the 4th largest producer of iron ore in the world. The production of iron ore stood at 210 million tons in 2017-18 almost 9% higher than 2016-17.

(Source: Steel Insights- April 2018)

A tremendous boost in the housing sector will lead to an increase in demand for cement, steel and aggregate stone. As a result, the demand for cement and steel is expected to grow at 6.5-7% in coming years. This will give a substantial boost to mining of lime stone, iron ore, stone quarrying which will further help the explosives industry to grow.

Overseas

The industrial explosives market is on continuous rise mainly due to increase in mining activities in the developing countries. This will happen with increase in demand for minerals such as bauxite, iron ore, coal, and other metals which are not easily available, as well as gold and silver. Also, a rise in use of industrial explosives for various construction activities will help in the growth of industrial explosive market.

(Source: Canadian Mining Journal, Allied Market Research)

Rise in urbanization has propelled the use of coal fired power generation. Innovations in terms of technology is facilitating the growth of global mining industry. Asia-Pacific and Latin America combined together accounts for more than half of the industrial explosives market. The main reason for this is increase in mining and mineral exploration operations in regions such as China, India, Chile, Peru, and Brazil among others. It is estimated that the World Industrial Explosives demand was $9 Billion in 2016.

The industry is expected to grow at a CAGR of 6.7% to be worth $15.9 billion by 2022. It is expected that globally more than 23 million metric tonnes of industrial explosives will be sold by 2024. Asia-Pacific is expected to account for about 40% of the overall market by 2024, recording a CAGR of 6.3%.

(Source: Canadian Mining Journal, Allied Market Research & Persistence market research)

Nigeria

Nigeria is Africa's largest oil exporter, and it also has the biggest natural gas reserves of Africa. It is a home to 47% of West Africa's population. After facing low growths for 5 consequent quarters, the Nigerian economy picked up its growth pace in the second quarter of 2017. The growth in 2017 was mainly driven by recovery in the production of oil, steady growth in agriculture, and positive impact of improved availability of foreign exchange reserve for imports on investments and private sector operations. The economy is expected to expand at 2.5% in 2018 and that at 3.2% in 2019.

(Source: World bank & Focus economics)

Zambia

Zambia is expected to grow at 3.8% in 2017 as against 3.6% in 2016. It is further estimated to growat 4.3% in 2018 and 4.7% in 2019. This will happen due to rise in harvest, better generation of electricity, and loosening of monetary policy. The economy will continue to grow despite reduced growth in service and construction sector of the country.

(Source: Lusakatimes, World bank)

Zambian mining industry is expected to grow at a CAGR of 5.5% between 2017-21 as against CAGR of 5.4% between 2012-16. Zambia is the second largest producer of copper in Africa and is among the top ten producers of cobalt in the world.

(Source: Mining weekly)

Turkey

There was a year-on-year growth of 11.1% in the Q3 of 2017. This is the fastest rate of growth since past more than six years. This happened due to a rise in household spending and exports, and in the expectation that the central bank will increase the borrowing cost to deal with inflation. The Consumer Price Inflation (CPI) in 2017 was higher than the budgeted rate of inflation along with a slow disinflation. The economy wasanticipated to expand at 6% in 2017.

(Source: Bloomberg & OECD)

Turkey's mining sector is expected to experience the fastest rate of growth in Europe. The mining sector is expected to grow at a CAGR of 6.8% in the coming five years. Turkey's mineral exports grew by 24% in 2017 to reach at an amount of $4.63 billion. The mining sector is anticipated to continue growing at an increased rate in 2018. In the past 15 year, Turkey spent around $100 billion towards construction of roadways, highways, airports, tunnels and railways. Turkey has existing infrastructure projects of more than 3500 projects with new projects lined up to get started. Both growth in infrastructure and mining sector of Turkey will give a boost to the industrial explosives industry of the country.

(Source: News from Turkey and Mining weekly and The borgen project)

South Africa

South African economy grew at the rate of 2.0% in the third quarter of 2017 which is down from the growth rate of 2.8% in the second quarter of 2017. The key growth drivers for South Africa are mining, agriculture and manufacturing sectors. The reason for reduced growth is fall in government spending that resulted from low employment in the public sector. South Africa grew at 0.8% in 2017 and is estimated to grow at 1.1% in 2018.

(Source: Stats SA and Fin24, World bank)

Total mining production of South Africa was 4.0% higher in 2017 as compared to that of 2016.

(Source: Stats SA and Business wire)

Australia

Mining in Australia is a significant primary industry and one of the largest contributors to the Australian economy. The mining activity is expected to accelerate in the coming years. Mining production, exploration, and maintenance are all expected to go up in 2018.

(Source: ABS)

Ghana

Ghana is Africa's second largest gold miner after South Africa with an export revenue of $5.78 billion coming from metal exports. Ghana's economic growth has been shaped by mining sector while mineral extraction has driven the country's development path. The mineral potential of Ghana has been untapped thus opening up various opportunities in this area. As the country's mineral sector grows, it is expected that the potential for more mineral reserves will be unearthed.

(Source: Bloomberg)

Indian Defence Industry Overview

India imports around 60% of its Defence requirements, thus making the Defence market of India as one of the major customer for both foreign as well as domestic manufacturers. The government of India has made Defence industry as one of the top priority industries of the Make in India programme. This has been done for both national security as well as to promote creation of jobs in the country. Defence Procurement Procedure (DPP) concentrates on institutionalizing, streamlining and simplifying the procedure for Defence procurement. This is done to give a boost to the Make in India initiative of the government. DPP will help to promote design, manufacture and development

of defence equipment in India. DPP will help in reducing the time required for various procurement activities, and institutionalizing will help in better monitoring of the procurement process.

The industry requires an investment of $130 to $150 billion for modernization and restructuring, and to further become a self Reliant industry. With growing political tensions, Defence has always been a matter of importance for India. ₹295511.41 Crores has been allocated towards Defence in 2018-19. This amount is 7.81% more than budget estimates and 5.91% up by revised estimates for Defence of 2017-18. Despite this, the budget allotment to Defence has fallen down from 1.63% of GDP in 2017-18 to 1.58% of GDP in 2018-19.

(Source: Economic Times & Business Line)

B. Opportunities and Threats

Opportunities

1. Domestic Business

Mining is a significant contributor to the socioeconomic development of vast mineral-rich districts across India. The economic power is now shifting towards resource ownership and margins are moving upstream in the value chain. The new MMDR Act, when enacted, is expected to facilitate the further development of the mining and exploration sector and help attract foreign flow to the industry.

The Government of India has allowed 100 per cent Foreign Direct Investment (FDI) in the mining sector and exploration of metal and non-metal ores under the automatic route, which will propel growth in the sector. Power and cement industries also aiding growth in the metals and mining sector. Demand for iron and steel is set to grow, given the strong growth expectations for the residential and commercial building industry.

Moreover, allowing 100 per cent FDI in commercial coal mining is likely to open the doors for global coal miners to invest in India, which can benefit the sector in the long run through increased technology adoption and mechanisation in mining operations thereby helping achieve better operational efficiency for the industry.

For an emerging country like India, the following factors are stepping up demand:

- Urbanization
- The need to build infrastructure

Double digit growth in budgetary allocation for key industries like Roads, Railways and Affordable Housing will give a significant opportunity to companies products.

2. Overseas Business

Future demand dynamics for coal are largely being driven by innovation associated with emission-reducing technology. The volume of coal deals has increased as miners make a bet on coal's future either through the acquisition of higher-grade coals found in Australia or through the divestment of lower-grade coal from their portfolios. There are conflicting views on the future of coal in the energy market, but with the increased prevalence of low-emission coal technologies, it will continue to play a role.

Increased focus on sustainability, is having a major impact on commodities. The end of petroleum cars will impact a significant part of platinum demand: almost half of global platinum production is used in catalytic converters to remove diesel pollution. Other commodities, such as cobalt, lithium and nickel, will benefit from the increased demand for battery storage.

3. Defence

Defence will be priority area for spending by the Indian Government given the recent conflicts and continued threats from prime neighbors. Keeping with the adage that 'change brings opportunity,' the defence industry in India is experiencing significant and progressive change.

Opportunities abound both for India Inc. in meeting Government of India's defence requirements, and for the Government in achieving its aspiration of autonomy in defence supply through the development of a home market defence industry. It is paving the way for foreign original equipment manufacturers to enter into strategic partnerships with Indian companies.

The defence ministry floated RFP's for domestic private manufacturer for the supply of a range of ammunition. The list includes 125mm armor-piercing types for T-90 & T-72, 40mm multiple grenade launcher/underbarrel grenade launcher ammo, 30mm ammunition used by armored infantry carrying vehicle, 122mm grad rockets for Pinaka series and bi-modular charge system. The company has participated in 3 out of 7 RFP's for which technical bid are going on.

Threats

1. Domestic Business

The forth coming elections of 2019 could have an impact on investment and economic activities of the Country. In India, structural reforms have been steadily implemented under the present government, including the measures for improvement of infrastructure and simplification of taxation system that are aimed at attracting foreign investment. With these efforts, the economy is considered to keep its robust pace in the foreseeable future. On the other hand, there are risk factors such as (i) a rise of Non-Performing Assets, (ii) acceleration of inflation due to a re-bump of oil prices and expansion in the current account deficit. These could lead to slower growth in Indian Economy.

2. Overseas Business

The mining sector is facing three major risk factors, namely, the shift in global energy demand, the volatility of the commodity markets, and environmental factors, particularly the climate. Governments of industrialized countries are also shifting their policies in favor of renewable energy.

As commodity prices and profits improve, regulatory risk has surged, particularly in developing nations as they seek to take a fair share of their natural resources. Governments and regulators in developing countries have intensified their focus on implementing new laws aimed at greater local participation which has brought uncertainty and risk to the sector.

3. Defence

The defence PSUs, DRDOs and Ordnance Factories have greater say in foreign technology absorption. However it is clear that they will not be able to meet the emerging requirement of offsets without the involvement of private defence industry. The Government, however, needs to provide a realistic "push" with the same vigour as done for PSUs given the fact that this industry is capital-intensive, has a long gestation period and requires meticulous planning.

Indian industry expects Government to provide a defence industrialisation strategy and appropriate planning, procurement, legal, regulatory and tax environments. Any delay in the same will be demoralizing for the Indian industry. The industry would win with expansion of new technology and their export portfolio.

C. Product Portfolio

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.

1. Commercial/Civil Explosives

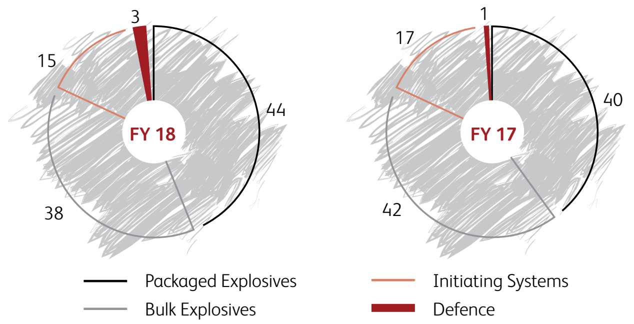
Civil and commercial explosives comprises of Bulk Explosives, Packaged Explosives and Initiating Systems.

2. Our Defence Products

With our expertise in handling energetic materials, we have forayed into Ammunitions. With a vide 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 Materials (HMX, RDX, TNT & Compounds)
- Composite Propellants for (Pinaka, Akash, Brahmos etc)
- Filling of Ammunitions and Fuzes
- Rockets, Warheads for Missiles

Product wise domestic revenue (in %)



D. Outlook

The Company is well placed in the Industry to take advantage of the growth in demand for explosives in the Country. The Company expects strong demand to come from increased mining activity and enormous emphasis on infrastructure development particularly sectors like road, housing, ports, canals and tunnels by Govt. of India which would give a boost to the demand of explosives. The Company expects 8-10% increase in the demand of explosives in the coming years and with our complete product range and geographic spread in the Country, the Company is hopeful of showing a robust sales growth in coming years.

On the Export front the Company products have been well established and accepted in many countries across the Globe. The Company overseas operations in Nigeria, Zambia, Turkey doing well. With the addition of our operations in South Africa, we could see substantial increase in our turnover from overseas and export as well. The Management is working in expanding its footprint to 10 countries globally and to cross ₹1000 Crores turnover from exports and overseas operations by 2020.

The Management visualizes enormous opportunities coming up in the Defence sector and is well positioned to take advantage of the huge demand that could arise in the defence sector and the Govt. of India's policy to encourage 'Make in India'. The Company has already set up facilities for manufacture of various types of ammunition required by our defence forces and continue to expand the same.

The Company is confident that in the foreseeable future, our defence division will be a major contributor as we are working on ₹500 Crores benchmark by 2020.

E. Risk Mitigation

Political and Economic Risks

In an evolving world the areas of focus changes rapidly due to regular political and economic changes. The company has manufacturing facilities in 5 countries and product are consumed in more than 51 countries. Unrest and instability in countries of operation can significantly impact the business.

Mitigation: Solar operates in various geographies and is exposed to political risk and unrest in these markets. However, the Company operates with well defined risk management policies to mitigate various risks.

Management continues to closely monitor economic conditions, including foreign exchange rates, interest rates, inflation, employment rates and capital markets. Management believes that although a weakening economy has an impact on all businesses and industries, the Company has an operational and capital structure that is sufficient to meet its ongoing business requirements.

Safety Health and Envoirment (SHE) Risk in operations

Solar is exposed to a wide spectrum of SHE risks, given the diversity and complexity of the industry, it operates in. A major HSE incident, such as fire, SOP violation, security breach can result in loss of life, environmental degradation and overall disruption in business activities.

Mitigation: The Company places utmost importance on ensuring safety of its employees, visitors to our premises and the communities we operate in. The Company has been achieving continuous improvement in safety performance through a combination of systems and processes as well as co-operation and support of all employees.

The Company has robust training programs and reporting mechanisms in place designed to ensure regulatory compliance and mitigate the risks associated with workplace injury.

The Company has developed programs to promote a healthy and safe workplace, as well as progressive employment policies focused on the well being of the thousands of employees who work in it. These policies and programs are reviewed regularly by the Board of Directors.

Compliance Risk

Adherence to laws, regulations and local statutes across the globe is a challenege to any explosive company today. There is a risk of non compliance in the geographies where we operate in.

Inadequate compliance systems and processes pose a reputation risk for an organisation. They may result in financial losses and penalties.

Mitigation: Solar has a dedicated in house compliance team which manages this activity. We have knowledgeable consultant's across the globe who supports us in adhering to country specific compliance requirement..

Further the company has invested in compliance systems and processes to ensure that all its functions and units are aware of the laws and regulations to comply with and that adequate monitoring mechanism are put in place to ensure compliance.

Solar appoints local business leaders and management teams who bring a strong understanding of the local operating environment and strong customer relationships.

Raw Material Price

Unexpected changes in prices of Ammonium Nitrate, Diesel, Metals and Chemicals which can impact margins. The past few years have witnessed wide fluctuations in the input materials prices. As a result the prices of finished products went down.

Mitigation: Ammonium Nitrate which is the key raw material is easily available in the country with the addition of new capacities. Further being the largest consumer of AN the company has very cordial relationship with all the major suppliers. If needed the option to import the AN is always open. The company has built in price escalation clause in most of the contracts.

Competiton and Pricing Pressure

Given the dynamics of our company we primarily face competition from Indian as well as international companies.

Solar may also face margin pressure in tender based business which has a highly competitive environment.

Such pressure may be due to economic conditions and customers having tough expectations on pricing or due to tactical movements on the part of our competitors to gain market share.

Mitigation: The Company believes that healthy competition is good for businesses as it focuses management attention on offering its consumers differentiated high-quality products that address consumers' needs.

The company has state of art manufacturing facility with latest and most efficient equipment and machines to make quality product in most cost efficient way.

As a part of companies strategic initiatives it is focused on strengthening its marketing, sales and account management team to enter newer geography's and improve existing business as well.

Financial Risk

Solar borrows funds from domestic and international markets to meet its long-term and short-term funding requirements. It is subject to risks arising from fluctuations in interest rates and foreign exchange.

Mitigation: Solar has a significant presence in India, Turkey, Nigeria, Zambia and South Africa. The Group is therefore exposed to a wide variety of currencies like the US Dollar, South African Rand, Turkish Lira. Import payments are in US Dollar. Significant fluctuation in these currencies could impact the Company's financial performance.

The Company is, however, conservative in its approach and uses plain forward hedging mechanism to book all payable foreign currency exposure.

Talent acquisition and retention

Inappropriate hiring and inability to retain top talent may result in a firm's inability to pursue its growth strategies effectively.

Mitigation: The Company's Human Resource agenda continues to remain focused on reinforcing the key thrust areas i.e. being the employer of choice, building an inclusive culture and a strong talent pipeline, building capabilities in the organization and continuing to focus on progressive employee relations policies.

The ability of the Company to properly develop, train and retain its employees with the appropriate skill set could affect the Company's future performance. There is always a risk associated with the loss of key personnel. Succession plans have been identified for key roles including the depth of management talent throughout the Company and its subsidiaries.

Solar invests heavily in "hiring right" and "talent development & engagement". This helps provide fulfilling careers to members in Solar.

Technology Risk

The Company operates extensive and complex technology systems that are vital to the successful operation of its business and marketing strategies. Any interruption to these systems or the information collected by them would have a significant adverse impact on the Company, its operations and its financial results.

Mitigation: The Company is constantly aligning its product, processes and strategies to the changing market condition and to stay ahead of competition. It is committed to improving its operating systems, tools and procedures in order to become more efficient and effective.

Solar continues to derive sustainable benefit from the strong foundation and long tradition of R&D in the company. Though the technology advancement is slow in this sector the company through its strong R&D quickly adapt to technological change and advances in processes.

Alongside the investment in technology, your Company is also improving its service management processes to prevent any defects in the IT environment and to enable faster resolution of any such incidents with minimum business disruption.

Information Management Risk

The integrity, reliability and security of information in all its forms is critical to the Company's daily and strategic operations. Inaccurate, incomplete or unavailable information or inappropriate access to information could lead to incorrect financial and/or operational reporting, poor decisions, privacy breaches or inappropriate disclosure or leaks of sensitive information.

Mitigation: The Company recognizes that information is a critical enterprise asset. Currently, the information management risk is managed through the development of policies and procedures pertaining to security access, system development, change management.

IT continues to support business operations and derive competitive advantages for your Company, through continued investment in the enterprise wide SAP Hana platform including data analytics.

Your Company continues to drive resilience through targeted remediation of high risk IT components, including hardware, databases, operating systems and applications.

Customer Risk

With the increasing threat of climate change impacting humanity and the global funding focus on renewables coupled with the rise of renewable energy and storage technology will pose a "significant threat" to the coal sector.

Mitigation: Coal Vision 2030 report suggests that India's future will remain tied to coal. Interestingly, even though the report says renewables and storage will likely emerge as "key substitutes" to coal, Coal India still expects demand for the fuel to more than double between 1,300 – 1,900 million tonnes per annum by 2030.

The Group attempts to diversify its customer base to reduce the potential impact of the loss of any single customer.

F. Internal Control Systems and their Adequacy

Solar Group has optimal internal control systems and procedures in place to handle all its business processes.

Solar Group has clearly defined roles and responsibilities for all managerial positions. Its operating parameters are monitored and controlled effectively through its SAP ERP software system.

The Company has adopted accounting policies which are in line with the Indian Accounting Standards notified under Section 133 of the Companies Act, 2013 read together with the Companies (Indian Accounting Standards) Rules, 2015. These are in accordance with Generally Accepted Accounting Principles in India. Changes in policies, if any, are approved by the Audit Committee in consultation with the Statutory Auditors.

The Company has identified inherent reporting risks for each major element in the financial statements and put in place controls to mitigate the same. These risks and the mitigation controls are revisited periodically in the light of changes in business, IT systems, regulations and internal policies.

International subsidiaries provide information required for consolidation of accounts in the format prescribed by the Company. These are certified by the respective statutory auditors for being compliant with the group accounting policies for the purpose of annual consolidation of accounts.

The Company periodically conducts physical verification of inventory, fixed assets and cash on hand and matches them with the books of account. Explanations are sought for any variance noticed from the respective functional heads.

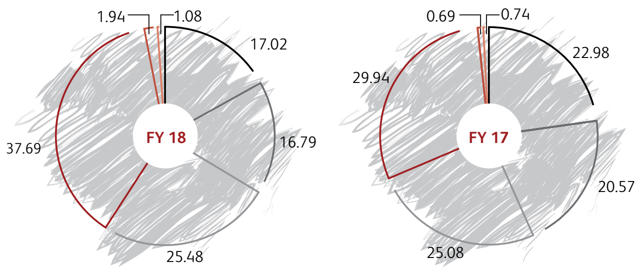
The audit committee reviews reports submitted by the management and audit reports submitted by internal auditors and statutory auditors. Suggestions for improvement are considered and the audit committee follows up on corrective action. The audit committee also meets Solar's statutory auditors to ascertain, 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, 2018, our internal financial controls were adequate and operating effectively.

G. Discussion on Financial Performance with respect to Operational Performance

Consolidated basis

The Net Sales of the Company during FY2018 increased to ₹1916.12 Crores from ₹1579.99 Crores over previous year leading to a rise in EBIDTA from ₹337.10 Crores in FY2017 to ₹423.65 Crores in FY2018 (after transferring the share of profit of minority interest). PAT for the year, at ₹220.55 Crores showed a Y-o-Y growth of 18.23% as compared to ₹186.54 Crores in FY 2017 and PBT for the same period of ₹339.64 Crores grew by 25.11% as compared to ₹271.47 Crores in FY2017. Finance Cost during the year changed by 21.68 % from ₹26.89 Crores to ₹32.72 Crores.

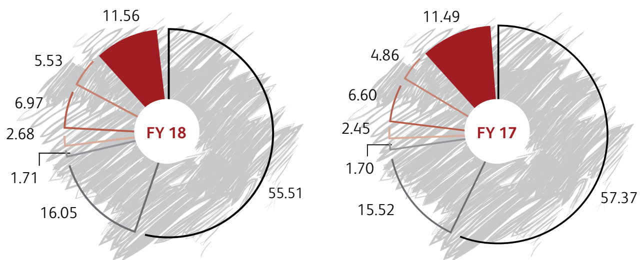
Annual Revenue Break Up (in %)



Customer share

CIL
Trade (Housing & Infrastructure)
Defence
Institutional
Exports and Overseas
Others

Annual Expense Break Up (in %)

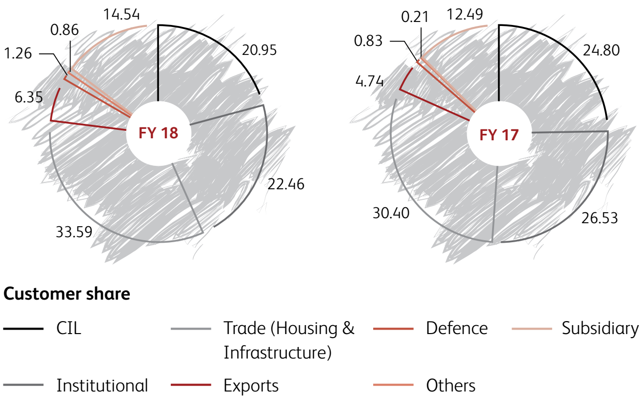


Material Consumed
Other Expenses
Interest & Finance Cost
Depreciation
Employee Cost
Tax
PAT (Without Considering Other Income & Minority interest)

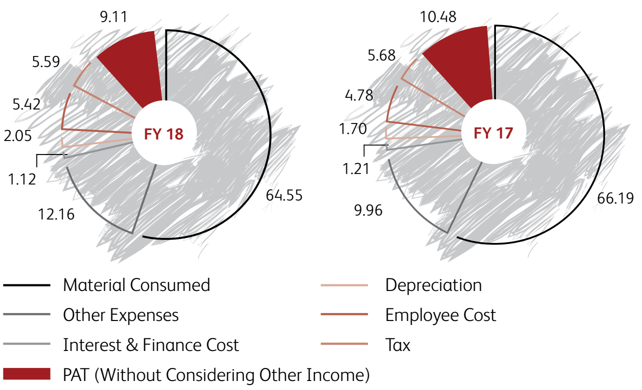
Standalone basis

The Net Sales of the Company during FY2018 increased to ₹1273.27 Crores from ₹1137.31 Crores over previous year leading to a rise in EBIDTA from ₹230.22 Crores in FY2017 to ₹245.74 Crores in FY2018. PAT for the year, at ₹134.26 Crores showed a Y-o-Y growth of 1.27% as compared to ₹132.58 Crores in FY2017 and PBT for the same period of ₹205.42 Crores grew by 4.19% as compared to ₹197.15 Crores in FY2017. Finance Cost during the year changed by 3.19% from ₹13.79 Crores to ₹14.23 Crores.

Annual Revenue Break Up (in %)



Annual Expense Break Up (in %)



H. Human Resource

Employees are the most precious resource that a company has. Both the number of employees as well as the quality of employees is an important ingredient for a company's growth.

Solar believes that employees are an integral part for success of the company. Thus, solar holds that it is important to provide employees with sufficient opportunities to perform and progress. With this Solar aims to inculcate a sense of responsibilities in each and every employee of the company.

I. 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, 2017-18.

Director's 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, 2018. The consolidated performance of the Company and its subsidiaries has been referred to whenever required.

1. Financial Highlights

(₹ in Crores)

Particulars	Standalone		Consolidated	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Net Revenue from operations				
(Including Other Income)	1323.58	1266.60	1963.57	1724.49
Less: Expenditure	1077.84	1036.38	1539.92	1387.39
Operating profit (PBIDT)	**245.74**	**230.22**	**423.65**	**337.10**
Interest	14.23	13.79	32.72	26.89
Profit before Depreciation & Tax (PBT)	**231.51**	**216.43**	**390.93**	**310.21**
Less: Depreciation	26.09	19.28	51.29	38.74
Profit before Tax & Exceptional item	**205.42**	**197.15**	**339.64**	**271.47**
Less: Exceptional item	-	-	-	-
Profit before Tax	**205.42**	**197.15**	**339.64**	**271.47**
Less: Provision for Taxation	71.16	64.57	106.05	76.74
Profit after Tax	**134.26**	**132.58**	**233.59**	**194.73**
Other Comprehensive Income	(1.02)	(0.46)	7.98	(54.09)
Share of profit transfer to minority	-	-	13.56	(4.29)
Net Profit (after minority interest)	133.24	132.12	228.01	144.93
Balance brought forward	240.51	175.17	369.78	283.04
Balance available for appropriation	**373.75**	**307.29**	**597.79**	**427.97**
Appropriation:				
Interim Dividend	27.15	18.10	27.15	18.10
Tax On Dividend	5.52	3.68	5.53	3.68
Other Adjustment			(41.37)	(1.11)
Other Comprehensive Income	-	-	7.46	(41.61)
General Reserve	45.00	45.00	45.66	76.91
Balance Profit Carried To Balance Sheet	296.08	240.51	470.62	369.78
Earning Per Share (EPS)	**14.84**	**14.60**	**25.81**	**20.49**

Results of Operation

Standalone Reaching

- During the Financial Year ending on March 31, 2018 the Company achieved turnover of ₹1305.35 Crores as against turnover of ₹1253.22 Crores achieved during the previous year, which is a moderate increase in turnover by 4.16%.
- The Profit After Tax (PAT) for the Financial Year 2017-18 is ₹134.26 Crores against ₹132.58 Crores in the previous year 2016-17.
- Profit before Interest, Depreciation, Amortization, Exceptional Items & Tax stood at ₹245.74 Crores as against ₹230.22 Crores in the previous year.
- Earnings Per Share as on March 31, 2018 is ₹14.84 vis a vis against ₹14.60 as on March 31, 2017.
- The net worth of the Company has increased and stands at to ₹759.21 Crores in the fiscal year 2018 from ₹658.64 Crores at the end of fiscal year 2017.

Consolidated Reaching

- During the Financial Year ending on March 31, 2018 the Company achieved turnover of ₹1951.47 Crores as against turnover of ₹1711.28 Crores achieved during the previous year, which is a significant increase in turnover by 14.04 %.
- The Profit After Tax (PAT) after transferring the share of profit of Minority Interest for the Financial Year 2017-18 is ₹220.55 Crores against previous year ₹186.54 Crores in 2016-17.

- Profit before Interest, Depreciation, Amortization, Exceptional Items & Tax stood at ₹423.65 Crores as against ₹337.10 Crores in the previous year.
- Earnings Per Share as on March 31, 2018 is ₹25.81 vis a vis against ₹20.49 as on March 31, 2017.
- The net worth of the Company has increased and stands at to ₹1083.86 Crores in the fiscal year 2018 from ₹928.59 Crores at the end of fiscal year 2017.

2. Dividend:

Based on company's performance, the directors are pleased to recommend for approval of members a final dividend of ₹6/- per share for the FY 2017-18 taking the total dividend to ₹6 per share (previous year ₹5/-). The final dividend on equity shares, if approved by the members would involve a cash outflow of ₹65.45 Crores including Dividend tax. The total dividend on equity shares including dividend tax for the FY 2017-18 would aggregate ₹65.45 Crores resulting in payout of 29.68% 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 capitalization 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. Transfers to Reserves

The Company has transferred ₹45.66 Crores to the general reserve out of the amount available for appropriations and an amount of ₹470.62 Crores is proposed to be retained in the statement of profit and loss.

4. 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.

5. Credit Ratings

CRISIL has reaffirmed its ratings on long term and Short Term borrowings and commercial papers of Solar Industries India Ltd to CRISIL AA/Positive/CRISIL A1+". The ratings reflect SIIL's strong market position, good operating efficiencies (backed by prudent raw material procurement policies and backward integration), and strong debt protection measures. To arrive at its ratings, CRISIL has combined SIIL's financial and business profiles with those of its subsidiaries.

6. Commercial Paper

During the year under review, the commercial paper of ₹25 Crores issued by ICICI Bank Limited got matured on June 21, 2017 which had rate of interest of 6.89%.

7. 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.

8. Subsidiaries and Associates Companies

During the year under review:

a. M/s. Solar Initiating Systems Limited, Associate Company, M/s. Solar Mines & Minerals Limited and M/s. Solar Mining Resources Limited, Wholly Owned Subsidiaries were merged with M/s. Economic Explosives Limited another wholly owned subsidiary of the Company pursuant to an order dated March 16, 2018 passed by the Mumbai Bench of the Hon'ble National Company Law Tribunal pursuant to Sections 230 to 232, other applicable provisions of the Companies Act, 2013. The appointed date for the Scheme of amalgamation was April 01, 2017.

b. Solar Overseas Netherlands B.V a step down overseas subsidiary of the Company has acquired balance 25.5% of share capital in Solar Patlayici Maddeler Sanayi Ve Ticaret Anonim Sirketi another fellow overseas subsidiary of the Company. Solar Patlayici Maddeler Sanayi Ve Ticaret Anonim Sirketi is now wholly owned subsidiary of Solar Overseas Netherlands B.V.

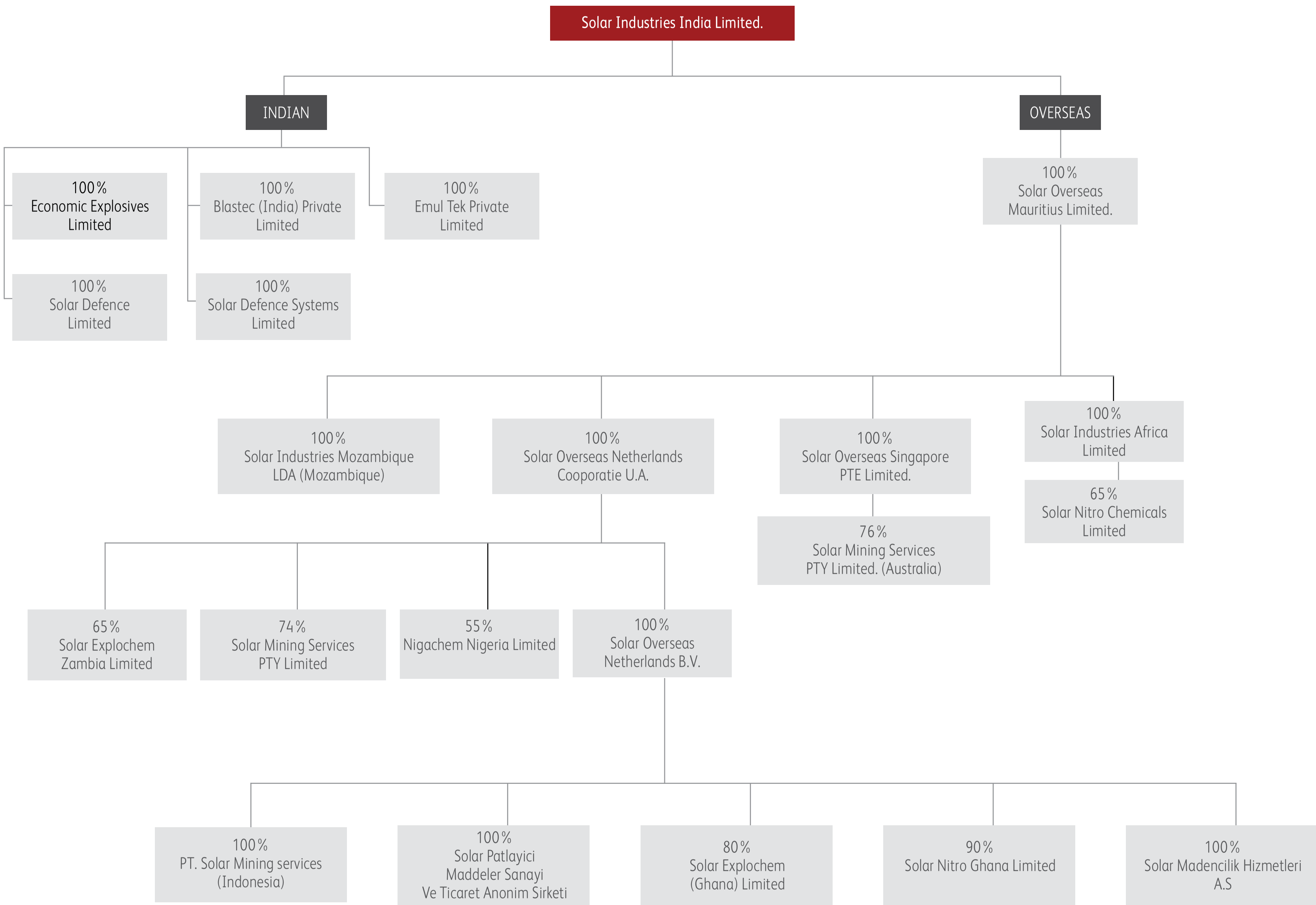
c. The Company incorporated two step down overseas subsidiaries through another step down overseas Subsidiary of the Company, Solar overseas Netherlands B.V.;

   1. Solar Nitro Ghana Limited in Ghana
   2. Solar Madencilik Hizmetleri A.S in Turkey

d. In continuation of the efforts to realign the group structure and consolidate the multi layered structure, the Board has decided to dissolve the following subsidiary company:

   1. Solar Explochem (Ghana) Limited
   2. Solar Industrias Mozambique LDA

Current Holding Structure of Solar Industries India Limited



9. Audited Financial Statements of The Company`s Subsidaires

The Board of Directors of your Company at its meeting held on May 11, 2018, approved the Audited Consolidated Financial Statements for the FY 2017-18 which includes financial information of all its subsidiaries, and forms part of this report. The Consolidated Financial Statements of your Company for the FY 2017-18, 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.

10. Share Capital

The paid up Equity Share Capital as on March 31, 2018 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.

11. 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.

12. 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.

13. 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.

14. Board Meetings

During the year Five Board Meetings were convened and held on May 29, 2017, August 02, 2017, November 14, 2017 (at 10:00 am & 01:30 pm) and February 07, 2018. 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.

15. 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.

16. 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**

17. 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 of the women employee of the company.

18. 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 Manish Nuwal (DIN: 00164388) 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 23rd Annual General Meeting for consideration of the Shareholders.

The brief resume and other details relating to Shri Manish Nuwal (DIN: 00164388) 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 23rd Annual General Meeting.

Director's Appointment & Cessation

Executive Director

In accordance with Section 161 of the Companies Act, 2013 and of the Articles of Association of the Company, Shri Suresh Menon was appointed as an Additional and Whole-time Director of the Company, w.e.f. May 11, 2018 as per the provisions of Section 161(1) of the Act and he shall hold the office upto the date of ensuing Annual General Meeting. The Board recommends appointment of Shri Suresh Menon as a Whole-time Director of the Company for a period of 5 (Five) years from May 11, 2018 to May 10, 2023, for approval of the members at the ensuing Annual General Meeting.

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

Director Cessation

Shri Roomie Dara Vakil, Executive Director has stepped down from the Board effective from May 11, 2018. The Directors wish to record their gratitude and appreciation for the wise counselling and contributions by Shri Roomie Dara Vakil during his tenure as the 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.

However, as Shri Roomie Dara Vakil, Executive Director of the Company has resigned from the Board on May 11, 2018, the Board of Directors of the Company has appointed Shri Suresh Menon as an Additional & Whole-time Director.

19. 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.

20. Nomination & 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 Nomination & Remuneration Policy is stated in the Corporate Governance Report.

21. 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".

22. 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 Financial Year 2017-18 is as follows.**

Name of Director(s)	Ratio to median remuneration
Shri Satyanarayan Nuwal	126.85
Shri Kailashchandra Nuwal	126.85
Shri Manish Nuwal	126.85
Shri Anil Kumar Jain	15.76
Shri Roomie Dara Vakil	13.09

Note: Non-Executive Independent Directors were paid sitting fees for attending Board and Board Committee Meetings for the year 2017-18.

b. The percentage increase in remuneration of each director, chief executive officer, chief financial officer, company secretary in the Financial Year 2017-18 are as follows.

Name of Director(s)	% increase in remuneration
Shri Satyanarayan Nuwal	Nil
Shri Kailashchandra Nuwal	Nil
Shri Manish Nuwal	Nil
Shri Anil Kumar Jain	16.94
Shri Roomie Dara Vakil	4.63

Name of CFO & Company Secretary	% increase in remuneration
Shri Nilesh Panpaliya	7.38
Smt Khushboo Pasari	11.85

c. The percentage increase in the median remuneration of employees in the Financial Year: 15.06 %

d. The number of permanent employees on the rolls of Company: 2020

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 employee other than Key Managerial Personnel was 12.75%. The average annual increase of Key Managerial Personnel was 10%. 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. Affirmation that the remuneration is as per the remuneration policy of the Company:

The Company affirms remuneration is as per the remuneration policy of the Company.

g. 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.

23. Related Party Transactions

All related party transactions that were entered into during the Financial Year 2017-18 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.

24. Auditors

Statutory Auditors

Pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Rules made there under, M/s S R B C & Co. LLP Chartered Accountants (Firm Registration No. 324982E) jointly with M/s Akshay Rathi & Associates, Chartered Accountants (Firm Registration No. 139703W) were appointed as Statutory Auditor of the Company in the 22nd Annual General Meeting till the conclusion of the 27th Annual General Meeting of the Company.

M/s S R B C & Co. LLP, Chartered Accountants (Firm Registration No. 324982E) and M/s Akshay Rathi & Associates, Chartered Accountants (Firm Registration No. 139703W) have confirmed their eligibility and qualification required under Section 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).

Auditors' Report

The Auditor's Report for the year ended March 31, 2018 on the financial statements of the Company is a part of this Annual Report. The Auditors Report for the financial year ended March 31, 2018 does not contain any qualification, reservation or adverse remark.

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 2017-18 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 2018-2019.

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 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 Financial Year 2018-2019.

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 year 2017-18 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 Financial Year 2018-2019.

25. Goods and Service Tax

The Goods and Services Tax (GST) is a landmark reform which will have a lasting impact on the economy and on businesses. Implementation of a well-designed GST model that applies to the widest possible base at a low rate can provide stimulus to the business and contribute to the Hon’ble Prime Minister’s mission of ‘Make in India’.

Your Company has successfully implemented and migrated to GST with effect from July 01, 2017 and changes across IT systems, Supply Chain and operations have been made keeping in mind the sweeping changes that GST has brought in.

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
- Public Welfare

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 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 11, 2018 has approved the Audited Consolidated Financial Statements for the Financial Year 2017-18 and its subsidiaries in accordance with Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Accounting Standard (AS–21) and other Accounting Standards issued by the Institute of Chartered Accountants of India. The Consolidated Financial Statements of your Company for the Financial Year 2017-18, 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 utilization 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 mandate the inclusion of the BRR as part of the Annual report for the top 500 listed entities based on market capitalization. In compliance of Listing Regulations, we are pleased to present the 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, 2018, 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, 2018 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, 2018 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; and

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 company satisfactorily outperformed the industry in this challenging year and continues to maintain its leadership position. It has been surpassing all the international quality and cost benchmarks and continues to build shareholder value. Your Director looks to the future with confidence.

We thank our customers, vendors, dealers, investors, business associates and bankers for their continued support during the year. We place on record our appreciation of the contribution made by employees at all levels. Our resilience to meet challenges was made possible by their hard work, solidarity, co-operation and support.

For and on behalf of the Board

Place : Nagpur
Date : May 11, 2018

(Satyanarayan Nuwal)
Chairman

Annexure 'A'

Extract of Annual Return

As on the Financial Year ended 31.03.2018

[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

CIN	L74999MH1995PLC085878
Registration Date	February 24, 1995
Name of the Company	Solar Industries India Limited
Category / Sub-Category of the Company	Company having Share Capital / Public Company
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: investor.relations@solargroup.com website: www.solargroup.com
Whether listed company	Yes, listed at i) BSE Limited ii) National Stock Exchange of India Limited
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 Email: rnt.helpdesk@linkintime.co.in

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	97%

3. Particulars of Holding, Subsidiary and Associate Companies

Sr. No.	Name of the Companies	CIN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
1.	Economic Explosives Limited 11, Zade Layout, Bharat Nagar, Nagpur- 440033, Maharashtra, India	U24292MH1995PLC091808	Subsidiary	100%	2(87)
2.	Solar Mines & Minerals Limited* 11, Zade Layout, Bharat Nagar, Nagpur- 440033, Maharashtra, India	U14101MH2006PLC165472	Subsidiary	100%	2(87)
3.	Solar Mining Resources Limited* 11, Zade Layout, Bharat Nagar, Nagpur- 440033, Maharashtra, India	U14101MH2006PLC165471	Subsidiary	100%	2(87)
4.	Solar Defence Limited 11, Zade Layout, Bharat Nagar, Nagpur- 440033, Maharashtra, India	U29220MH2016PLC274147	Subsidiary	100%	2(87)
5.	Solar Defence Systems Limited 11, Zade Layout, Bharat Nagar, Nagpur- 440033, Maharashtra, India	U29253MH2016PLC274677	Subsidiary	100%	2(87)

Sr. No.	Name of the Companies	CIN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
6.	Emul Tek Private Limited 11, Zade Layout, Bharat Nagar, Nagpur- 440033, Maharashtra, India	U24292MH2000PTC274027	Subsidiary	100 %	2(87)
7.	Blastec (India) Private Limited 11, Zade Layout, Bharat Nagar, Nagpur- 440033, Maharashtra, India	U74999MH2000PTC274886	Subsidiary	100 %	2(87)
8.	Solar Overseas Mauritius Limited Level 3, GFin Tower, 42, Hotel Street, Cybercity Ebene 72201, Mauritius	C090063	Subsidiary	100 %	2(87)
9.	SMS Bhatgaon Mines Extension Private Limited 267, Fadnavis Bhavan, Near Trangular Park, Dharampeth, Nagpur- 440010, Maharashtra, India	U13209MH2008PTC186729	Associate	49 %	2(6)
10.	Solar Bhatgaon Extension Mines Private Limited 11, Zade Layout, Bharat Nagar, Nagpur- 440033, Maharashtra, India	U13200MH2008PTC186685	Associate	49 %	2(6)

*These Companies have been merged with Economic Explosives Limited. The Scheme for the Amalgamation was filed on September 25, 2017 before National Company Law Tribunal ("NCLT") and the order approving the said Scheme has been received by the Petitioners Companies on April 09, 2018. The said order has been filed with Registrar of Companies.

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

i) Category wise shareholding

Category of Shareholders	No. of Shares hold at the beginning of the year				No. of Shares hold at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1) Indian									
(a) Individuals /Hindu Undivided Family	66191271	-	66191271	73.15	66191271	-	66191271	73.15	0.00
(b) Central Government/ State Government(s)	0	-	0	0.00	0	-	0	0.00	-
(c) Bodies Corporate	0	-	0	0.00	0	-	0	0.00	-
(d) Financial Institutions / Banks	0	-	0	0.00	0	-	0	0.00	-
(e) Any Other (specify)	0	-	0	0.00	0	-	0	0.00	-
Sub Total (A)(1)	**66191271**	**-**	**66191271**	**73.15**	**66191271**	**-**	**66191271**	**73.15**	**0.00**
2) Foreign									
(a) Individuals (Non-Resident Individuals/ Foreign Individuals)	0	-	0	0.00	0	-	0	0.00	-
(b) Bodies Corporate	0	-	0	0.00	0	-	0	0.00	-
(c) Institutions	0	-	0	0.00	0	-	0	0.00	-
(d) Qualified Foreign Investors	0	-	0	0.00	0	-	0	0.00	-
(e) Any Other (specify)	0	-	0	0.00	0	-	0	0.00	-
Sub Total (A)(2)	**0**	**-**	**0**	**0.00**	**0**	**-**	**0**	**0.00**	**-**
Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)	**66191271**	**-**	**66191271**	**73.15**	**66191271**	**-**	**66191271**	**73.15**	**0.00**

Category of Shareholders	No. of Shares hold at the beginning of the year				No. of Shares hold at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public shareholding									
1) Institutions									
(a) Mutual Funds/UTI	16558918	-	16558918	18.30	16290759	-	16290759	18.00	(0.3)
(b) Financial Institutions / Banks	4346	-	4346	0.005	9478	-	9478	0.0105	-
(c) Central Government/ State Government(s)	0	-	0	0.00	0	-	0	-	-
(d) Venture Capital Funds	0	-	0	0.00	0	-	0	-	-
(e) Insurance Companies	2366483	-	2366483	2.62	1849149	-	1849149	2.0435	(0.58)
(f) Foreign Institutional Investor	140369	-	140369	0.1551	0	-	0	-	(0.16)
(g) Foreign Portfolio Investors	1103565	-	1103565	1.22	1371777	-	1371777	1.5159	-
(h) Foreign Venture Capital Investors	0	-	0	0.00	0	-	0	-	-
(i) Qualified Foreign Investors	0	-	0	0.00	0	-	0	-	-
(j) Any Other (specify)	0	-	0	0.00	0	-	0	0	-
Sub Total (B) (1)	**20173681**	**-**	**20173681**	**22.29**	**19521163**	**-**	**19521163**	**21.57**	**(0.72)**
2) Non-institutions									
(a) Bodies Corporate	571961	-	571961	0.63	677755	-	677755	0.749	0.12
(b) Individuals									
(i) Individuals - shareholders holding nominal share capital up to ₹2 Lakhs	3113043	55	3113098	3.44	3283663	55	3283718	3.6288	0.19
(ii) Individual shareholders holding nominal share capital in excess of ₹2 Lakhs	0	-	0	0.00	323240	-	323240	0.3572	-
(c) Qualified Foreign Investors	0	-	0	0.00	0	-	0	0	-
(d) Any Other									
i. Non Resident Indians (Repat)	36941	-	36941	0.04	38203	-	38203	0.0422	0.00
ii. Non Resident Indians (Non Repat)	66157	-	66157	0.07	72970	-	72970	0.0806	0.01
iii. Clearing Member	63093	-	63093	0.07	42487	-	42487	0.047	0.02
iv. Trusts	-	-	-	-	2250	-	2250	0.0025	0.00
v. HUF	273853	-	273853	0.3	335928		335928	0.3712	0.07
vi. IEPF	0	-	0	0	1070	-	1070	0.0012	0.00

Category of Shareholders	No. of Shares hold at the beginning of the year				No. of Shares hold at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Sub Total (B)(2)	**4125048**	**55**	**4125103**	**4.55**	**4777566**	**-**	**4777621**	**5.2797**	**0.70**
Total Public Shareholding Public Group (B)=(B)(1)+(B)(2)	**24298729**	**55**	**24298784**	**26.85**	**24298729**	**55**	**24298784**	**26.85**	**-**
Total (A)+(B)	**90490000**	**55**	**90490055**	**100.00**	**90490000**	**55**	**90490055**	**100.0**	**-**
C. Shares held by custodians and against which Depository Receipts have been issued									
(i) Promoter and Promoter group	0	-	0	0.00	0	-	0	0.00	-
(ii) Public	0	-	0	0.00	0	-	0	0.00	-
Sub Total (C)	**0**	**-**	**0**	**0.00**	**0**	**-**	**0**	**0.00**	**-**
GRAND TOTAL (A)+(B)+(C)	**90490000**	**55**	**90490055**	**100.00**	**90490000**	**55**	**90490055**	**100.00**	**-**

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.	Shri Satyanarayan Nandlal Nuwal	20343695	22.48	0.00	20343695	22.48	0.00	0.00
ii.	Shri Kailashchandra Nandlalji Nuwal	17739095	19.60	0.00	17739095	19.60	0.00	0.00
iii.	Smt. Indira Kailashchandra Nuwal	5568230	6.15	0.00	5568230	6.15	0.00	0.00
iv.	Smt. Leeladevi Satyanarayan Nuwal	5075940	5.61	0.00	5075940	5.61	0.00	0.00
v.	Smt. Sohandevi Nandlal Nuwal	4649690	5.14	0.00	4649690	5.14	0.00	0.00
vi.	Shri Manish Satyanarayan Nuwal	4464301	4.93	0.00	4464301	4.93	0.00	0.00
vii.	Kailashchandra Nuwal HUF	2505625	2.77	0.00	2505625	2.77	0.00	0.00
viii.	Satyanarayan Nuwal HUF	2469690	2.73	0.00	2469690	2.73	0.00	0.00
ix.	Nandlalji Bodulalji Nuwal HUF	2106250	2.33	0.00	2106250	2.33	0.00	0.00
x.	Smt. Seema Manish Nuwal	1243440	1.37	0.00	1243440	1.37	0.00	0.00
xi.	Shri Rahul Kailashchandra Nuwal	25315	0.03	0.00	25315	0.03	0.00	0.00
	Total	**66191271**	**73.15**	**0.00**	**66191271**	**73.15**	**0.00**	**0.00**

(iii) Change in Promoters' Shareholding

There is no change in the Promoter's Shareholding during the FY 2017-18.

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

Sr No.	Name of the Shareholder	Shareholding at the beginning of the year - 2017		Cumulative Shareholding at the end of the year - 2018	
		No.of Shares Held	% of Total Shares of The Company	No of Shares Held	% of Total Shares of The Company
1.	HDFC TRUSTEE COMPANY LIMITED- HDFC PRUDENCE FUND				
	At the beginning of the year	**4359748**	**4.8179**	-	-
	Date wise increase/decrease in Shareholding during the year				
	07/04/17	(11000)	(0.01)	4348748	4.8058
	14/04/17	(48000)	(0.05)	4300748	4.7527
	26/05/17	300000	0.33	4600748	5.0843
	02/06/17	350000	0.39	4950748	5.4710
	16/06/17	270000	0.30	5220748	5.7694
	23/06/17	170000	0.19	5390748	5.9573
	30/06/17	100000	0.11	5490748	6.0678
	14/07/17	493000	0.54	5983748	6.6126
	15/09/17	700000	0.77	6683748	7.3862
	13/10/17	(1300)	0.00	6682448	7.3847
	02/03/18	(50000)	(0.06)	6632448	7.3295
	09/03/18	(10000)	(0.01)	6622448	7.3184
	At the end of the year			**6622448**	**7.3184**
2.	SBI MAGNUM BALANCED FUND				
	At the beginning of the year	**5566888**	**6.1519**	-	-
	Date wise increase/decrease in Shareholding during the year				
	09/06/17	(70000)	(0.08)	5496888	6.0746
	16/06/17	(20000)	(0.02)	5476888	6.0525
	25/08/17	(200000)	(0.22)	5276888	5.8315
	15/09/17	(932812)	(1.03)	4344076	4.8006
	22/09/17	(15005)	(0.02)	4329071	4.7840
	29/09/17	(83)	0.00	4328988	4.7839
	13/10/17	(33829)	(0.04)	4295159	4.7466
	27/10/17	(43171)	(0.05)	4251988	4.6988
	01/12/17	(2249)	0.00	4249739	4.6964
	08/12/17	(14754)	(0.02)	4234985	4.6801
	15/12/17	(12997)	(0.01)	4221988	4.6657
	At the end of the year			**4221988**	**4.6657**

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

Sr No.	Name of the Shareholder	Shareholding at the beginning of the year - 2017		Cumulative Shareholding at the end of the year - 2018	
		No.of Shares Held	% of Total Shares of The Company	No of Shares Held	% of Total Shares of The Company
3.	KOTAK SELECT FOCUS FUND				
	At the beginning of the year	**1810269**	**2.0005**		
	Date wise increase/decrease in Shareholding during the year			1823019	2.0146
	07/04/17	(8046)	(0.01)	1802223	1.9916
	28/04/17	20796	0.02	1823019	2.0146
	05/05/17	8000	0.01	1831019	2.0234
	26/05/17	481	0.00	1831500	2.0240
	07/07/17	2170	0.00	1833670	2.0264
	21/07/17	2589	0.00	1836259	2.0292
	28/07/17	2084	0.00	1838343	2.0315
	11/08/17	8386	0.01	1846729	2.0408
	18/08/17	12282	0.01	1859011	2.0544
	25/08/17	19683	0.02	1878694	2.0761
	15/09/17	215734	0.24	2094428	2.3145
	29/09/17	118000	0.13	2212428	2.4449
	06/10/17	2880	0.00	2215308	2.4481
	13/10/17	11464	0.01	2226772	2.4608
	27/10/17	11160	0.01	2237932	2.4731
	03/11/17	16084	0.02	2254016	2.4909
	10/11/17	2989	0.00	2257005	2.4942
	17/11/17	(3012)	0.00	2253993	2.4909
	24/11/17	(35661)	(0.04)	2218332	2.4515
	01/12/17	(9840)	(0.01)	2208492	2.4406
	08/12/17	1353	0.00	2209845	2.4421
	22/12/17	(5049)	(0.01)	2204796	2.4365
	29/12/17	(1996)	0.00	2202800	2.4343
	19/01/18	17118	0.02	2219918	2.4532
	26/01/18	10000	0.01	2229918	2.4643
	02/02/18	23007	0.03	2252925	2.4897
	09/02/18	19249	0.02	2272174	2.5110
	23/02/18	17468	0.02	2289642	2.5303
	02/03/18	20839	0.02	2310481	2.5533
	16/03/18	39049	0.04	2349530	2.5965
	23/03/18	85787	0.09	2435317	2.6913
	31/03/18	2702	0.00	2438019	2.6942
	At the end of the year			**2438019**	**2.6942**
4.	ICICI PRUDENTIAL LIFE INSURANCE COMPANY LIMITED				
	At the beginning of the year	**2366483**	**2.6152**		
	Date wise increase/decrease in Shareholding during the year				
	07/04/17	(6526)	(0.01)	2359957	2.6080
	19/05/17	(14628)	(0.02)	2345329	2.5918
	26/05/17	(126013)	(0.14)	2219316	2.4526
	09/06/17	(51476)	(0.06)	2167840	2.3957
	16/06/17	(1358)	0.00	2166482	2.3942
	23/06/17	(100682)	(0.11)	2065800	2.2829
	07/07/17	500	0.00	2066300	2.2835
	14/07/17	(38665)	(0.04)	2027635	2.2407
	21/07/17	(26169)	(0.03)	2001466	2.2118
	28/07/17	(33513)	(0.04)	1967953	2.1748
	04/08/17	(1868)	0.00	1966085	2.1727
	11/08/17	(19)	0.00	1966066	2.1727
	18/08/17	(95141)	(0.11)	1870925	2.0675
	25/08/17	78859	0.09	1949784	2.1547
	01/09/17	1141	0.00	1950925	2.1560
	08/09/17	2128	0.00	1953053	2.1583
	15/09/17	2233	0.00	1955286	2.1608
	22/09/17	1088	0.00	1956374	2.1620
	29/09/17	1522	0.00	1957896	2.1637

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

Sr No.	Name of the Shareholder	Shareholding at the beginning of the year - 2017		Cumulative Shareholding at the end of the year - 2018	
		No.of Shares Held	% of Total Shares of The Company	No of Shares Held	% of Total Shares of The Company
	06/10/17	2287	0.00	1960183	2.1662
	13/10/17	1208	0.00	1961391	2.1675
	20/10/17	(2782)	0.00	1958609	2.1644
	27/10/17	(51273)	(0.06)	1907336	2.1078
	03/11/17	(14097)	(0.02)	1893239	2.0922
	10/11/17	1022	0.00	1894261	2.0933
	24/11/17	12067	0.01	1906328	2.1067
	01/12/17	2274	0.00	1908602	2.1092
	08/12/17	(5403)	(0.01)	1903199	2.1032
	15/12/17	(2142)	0.00	1901057	2.1008
	22/12/17	(8774)	(0.01)	1892283	2.0912
	29/12/17	(6081)	(0.01)	1886202	2.0844
	05/01/18	(3037)	0.00	1883165	2.0811
	12/01/18	(6943)	(0.01)	1876222	2.0734
	19/01/18	(4323)	0.00	1871899	2.0686
	26/01/18	(14057)	(0.02)	1857842	2.0531
	02/02/18	2107	0.00	1859949	2.0554
	09/02/18	1913	0.00	1861862	2.0575
	16/02/18	659	0.00	1862521	2.0583
	23/02/18	1361	0.00	1863882	2.0598
	09/03/18	3935	0.00	1867817	2.0641
	16/03/18	(27427)	(0.03)	1840390	2.0338
	23/03/18	3142	0.00	1843532	2.0373
	31/03/18	5617	0.01	1849149	2.0435
	At the end of the year			**1849149**	**2.0435**
5.	DSP BLACKROCK MIDCAP FUND				
	At the beginning of the year	**1562700**	**1.7269**	-	-
	Date wise increase/decrease in Shareholding during the year				
	25/08/17	150000	0.17	1712700	1.8927
	15/12/17	(1207)	0.00	1711493	1.8914
	22/12/17	(4921)	(0.01)	1706572	1.8859
	29/12/17	(1379)	0.00	1705193	1.8844
	05/01/18	(1628)	0.00	1703565	1.8826
	12/01/18	(2006)	0.00	1701559	1.8804
	02/02/18	(7578)	(0.01)	1693981	1.8720
	09/02/18	(33559)	(0.04)	1660422	1.8349
	At the end of the year			**1660422**	**1.8349**
6.	INDIA MIDCAP (MAURITIUS) LTD.				
	At the beginning of the year	**726431**	**0.8028**	-	-
	At the end of the year			**726431**	**0.8028**
7.	ADITYA BIRLA SUN LIFE TRUSTEE PRIVATE LIMITED A/C ADITYA BIRLA SUN LIFE MIDCAP FUND				
	At the beginning of the year	**610045**	**0.6742**		
	Date wise increase/decrease in Shareholding during the year				
	29/09/17	(100000)	(0.11)	510045	0.5636
	20/10/17	(9000)	(0.01)	501045	0.5537
	27/10/17	(45)	0.00	501000	0.5537
	At the end of the year			**501000**	**0.5537**
8.	CANARA ROBECO MUTUAL FUND A/C CANARA ROBECO EMERGING EQUITIES				
	At the beginning of the year	**446030**	**0.4929**	-	-
	Date wise increase/decrease in Shareholding during the year				
	07/04/17	(13199)	(0.01)	432831	0.4783
	25/08/17	50000	0.06	482831	0.5336
	29/09/17	(18750)	(0.02)	464081	0.5129
	06/10/17	(3000)	0.00	461081	0.5095
	13/10/17	(3750)	0.00	457331	0.5054
	20/10/17	(1500)	0.00	455831	0.5037

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

Sr No.	Name of the Shareholder	Shareholding at the beginning of the year - 2017		Cumulative Shareholding at the end of the year - 2018	
		No.of Shares Held	% of Total Shares of The Company	No of Shares Held	% of Total Shares of The Company
	27/10/17	(7026)	(0.01)	448805	0.4960
	03/11/17	10398	0.01	459203	0.5075
	10/11/17	(3113)	0.00	456090	0.5040
	24/11/17	(6392)	(0.01)	449698	0.4970
	01/12/17	(1430)	0.00	448268	0.4954
	29/12/17	(4160)	0.00	444108	0.4908
	05/01/18	3000	0.00	447108	0.4941
	12/01/18	(1000)	0.00	446108	0.4930
	19/01/18	(7720)	(0.01)	438388	0.4845
	26/01/18	(200)	0.00	438188	0.4842
	02/02/18	(360)	0.00	437828	0.4838
	09/02/18	(1430)	0.00	436398	0.4823
	16/02/18	20000	0.02	456398	0.5044
	02/03/18	(15000)	(0.02)	441398	0.4878
	At the end of the year			**441398**	**0.4878**
9.	**VICCO PRODUCTS BOMBAY PVT LTD**				
	At the beginning of the year	**0**	**0.0000**	-	-
	Date wise increase/decrease in Shareholding during the year				
	12/05/17	100	0.00	100	0.0001
	19/05/17	1500	0.00	1600	0.0018
	26/05/17	12400	0.01	14000	0.0155
	02/06/17	13381	0.01	27381	0.0303
	09/06/17	17619	0.02	45000	0.0497
	16/06/17	5000	0.01	50000	0.0553
	23/06/17	6000	0.01	56000	0.0619
	30/06/17	4000	0.00	60000	0.0663
	27/10/17	52000	0.06	112000	0.1238
	23/02/18	2000	0.00	114000	0.1260
	02/03/18	77410	0.09	191410	0.2115
	09/03/18	67557	0.07	258967	0.2862
	16/03/18	1933	0.00	260900	0.2883
	23/03/18	3072	0.00	263972	0.2917
	31/03/18	1063	0.00	265035	0.2929
	At the end of the year			**265035**	**0.2929**
10.	**TATA MID CAP GROWTH FUND**				
	At the beginning of the year	**725000**	**0.8012**	-	-
	Date wise increase/decrease in Shareholding during the year				
	09/06/17	(50000)	(0.06)	675000	0.7459
	16/06/17	(46567)	(0.05)	628433	0.6945
	23/06/17	(50000)	(0.06)	578433	0.6392
	14/07/17	(153433)	(0.17)	425000	0.4697
	28/07/17	(25000)	(0.03)	400000	0.4420
	25/08/17	(175000)	(0.19)	225000	0.2486
	20/10/17	(6500)	(0.01)	218500	0.2415
	At the end of the year			**218500**	**0.2415**

Note: Shareholding is consolidated based on PAN of the shareholder.

(v) Shareholding of Directors and Key Managerial Personnel

Name of Directors	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 Satyanarayan Nuwal	4068739	22.48	4068739	22.48
Shri Kailashchandra Nuwal	17739095	19.61	17739095	19.61
Shri Manish Nuwal	4464301	4.93	4464301	4.93
Shri Anil Kumar Jain	0	0.00	0	0.00
Shri Roomie Dara Vakil				
At the beginning of the year	**500**	**0.00**		
Purchase during the year	100	0.00		
At the End of the year			**600**	**0.00**

Name of Key Managerial Personnel other than Directors	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 Nilesh Panpaliya				
At the beginning of the year	**22196**	**0.02**		
Purchase during the year	2804	0.00		
At the End of the year			25000	0.02
Mrs. Khushboo Pasari				
At the beginning of the year	**2710**	**0.00**		
Purchase during the year	601	0.00		
At the End of the year			**3311**	**0.00**

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				
i. Principal Amount	181.93	63.88	-	245.81
ii. Interest due but not paid due			-	
iii. Interest accrued but not due	0.82	2.28	-	3.1
Total (i+ii+iii)	**182.75**	**66.16**	**-**	**248.91**
Change in Indebtedness during the Financial Year				
Addition			-	
Reduction	30.22	66.16	-	96.38
Net Change	**30.22**	**66.16**	**-**	**96.38**
Indebtedness at the end of the Financial Year				
i. Principal Amount	152.1	-	-	152.1
ii. Interest due but not paid		-	-	
iii. Interest accrued but not due	0.43	-	-	0.43
Total (i+ii+iii)	**152.53**	**-**	**-**	**152.53**

6. Remuneration of Directors and Key Managerial Personnel

A. Remuneration to Whole-time Directors

(₹ in Crores)

Sr. No.	Particulars of Remuneration	Shri Satyanarayan Nuwal	Shri Kailashchandra 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	0.27	0.33	4.20
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-	-	-
2	Stock Option	-	-	-	-	-	-
3	Sweat Equity						
4	Commission						
	- as % of profit	1.50	1.50	1.50	-	-	4.50
	- others, specify…	-	-	-	-	-	-
5	Others, please specify	-	-	-	-	-	-
	Total (A)	**2.70**	**2.70**	**2.70**	**0.27**	**0.33**	**8.70**
	Ceiling as per the Act is ₹38.41 Crores (Being 11% of the Net Profit as per Section 198 of the Companies Act, 2013)						

B. Sitting fees to Non- Executive Independent Directors

(₹ in Crores)

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	0.02	0.03	0.02	0.02	0.02	0.11
2.	Commission	-	-	-	-	-	
3.	Others, Please specify	-	-	-	-	-	
	Total (B)	**0.02**	**0.03**	**0.02**	**0.02**	**0.02**	**0.11**

C. Remuneration To Key Managerial Personnel other than Whole-Time 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	0.29	0.09	0.38
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission	-	-	-
	- as % of profit	-	-	-
	- others, specify…	-	-	-
5.	Others, please specify	-	-	-
	Total (C)	**0.29**	**0.09**	**0.38**

7. Penalties / Punishment/ Compounding of offences

There were no penalties, punishment or compounding of offences during the year ended on March 31, 2018.

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 2017-18. 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:

(b) Nature of contracts/arrangements/transactions:

(c) Duration of the contracts / arrangements/transactions:

(d) Salient terms of the contracts or arrangements or transactions including the value, if any:

(e) Justification for entering into such contracts or arrangements or transactions:

(f) Date(s) of approval by the Board:

(g) Amount paid as advances, if any:

(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:

(b) Nature of contracts / arrangements / transactions:

(c) Duration of the contracts / arrangements / transactions:

(d) Salient terms of the contracts or arrangements or transactions including the value, if any:

(e) Date(s) of approval by the Board, if any:

(f) Amount paid as advances, if any:

Nil

Notes: (1) The above disclosures on material transactions are based on the principle that transactions with wholly owned subsidiaries are exempt for purpose of section 188(1) of the Act.

(2) All related party transactions are in ordinary course of business and on arm's length basis which are approved by Audit Committee of the Company.

For **and on behalf of the Board**

Place : Nagpur
Date : May 11, 2018

(Satyanarayan Nuwal)
Chairman

Annexure 'C'

Form No. MR-3

Secretarial Audit Report

for the Financial Year ended March 31, 2018
(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 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 the Company'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 authorized 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, 2018 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 the Company for the Financial Year ended on March 31, 2018 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, 2015;

c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (Not Applicable to the Company during the Audit Period)

d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; (Not Applicable to the Company during the Audit Period)

e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not Applicable to the Company during the Audit Period)

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; (Not Applicable to the Company during the Audit Period)

g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not Applicable to the Company during the Audit Period)

h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not Applicable to the Company during the Audit Period)

i) The Securities and Exchange Board of India(Listing Obligations and Disclosure Requirements) Regulations, 2015; and

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 relied on the representations made by the Company, its Officers and Reports of the Statutory Auditor for the systems and mechanism framed by the Company for compliances under other Acts, Laws and Regulations applicable to the Company.

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India.

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.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes book, 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. Mr. Dilip Patel Director of the Company (DIN: 00013150), has been included in the list of Disqualified Directors under Section 164 of the Companies, 2013, issued by the Registrar of Companies, Ahmedabad, Gujarat with respect to the Company named Incube Advisors Private Limited in which he is a Director.

   Considering the number of appeals and petitions made to the Central Government, the Ministry may consider limiting the disqualification in respect of defaulting companies and provide further clarification for removal of disqualification. Based on above fact, the Board of Directors of the Company has decided to retain Mr. Dilip Patel on the Board in capacity of Independent Director and Audit Committee Member untill the receipt of further clarifications from the ministry.

2. During the period under review, Coal India Limited (CIL) has tendered a Running Contract to Solar Industries India Limited (SIIL) for supply of 375412 MT bulk explosives to the subsidiaries of CIL amounting to ₹1143.63 Crores. Details of the same are mentioned below.

   Running contract valid for two years from 01.11.2017 to 31.10.2019

Period	Quantity (MT)	Amount (₹ in Crores)
2017-2018	182204	555.52
2018-2019	193208	588.11

3. A scheme of amalgamation of three subsidiary companies of Solar Industries India Limited has been approved by the Board of Directors, in its meeting held on May 29, 2017. The Companies, Solar Mines & Minerals Limited (Wholly Owned Subsidiary), Solar Mining Resources Limited (Wholly Owned Subsidiary) and Solar Initiating Systems Limited are merging into Economic Explosives Limited (Wholly Owned Subsidiary).

For **Anant B Khamankar & Co.**

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

Date : May 04, 2018
Place : Mumbai

Annexure 'D'

Annual Report on Corporate Social Responsibility (CSR) Activities

1. **A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the weblink to the CSR policy and project or programs.**

   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

   Our Broad Objectives as stated in our CSR Policy include:

   The CSR initiatives of the Company are focused on enhancing quality of life of the community in the vicinity of plant locations and registered office. Our CSR Policy focuses on five thrust areas of better Education, better Healthcare & Hygiene, Environment protection, rural development and Public Welfare.

   Education

   The future lies in education. Company continues to focus on improving quality of education in the villages surrounding of the plants locations. The Company is constructing Toilet blocks for girls, installing water tanks, providing furniture, repairing classrooms, constructing boundary walls etc. The objective of infrastructure upgradation is to create an enabling environment in schools.

   Healthcare & Hygiene

   To improve access to health care and to support people in vulnerable communities, during the year the Company has contributed to the hospitals which has been set up for the treatment of the less privileged and economically disadvantaged sections of the society.

   Environment protection

   Solar not only respects the ecosystem it operates in but also works consistently towards conserving it. Plantation drives are conducted in association with the Vanarai Foundation in vicinity of Nagpur and nearby villages.

   Rural development

   Our activities for rural development are aimed at helping people living in rural areas to gain better quality of life. We supported them through various initiatives in the areas of Skill Development, better Infrastructure, health and hygiene etc.

   Public Welfare

   The Company believes in giving back to the society as a responsible corporate citizen and undertakes various socially useful programs for the welfare and sustainable development of the society.

2. **Composition of the CSR Committee:**

   Shri Satyanarayan Nuwal, Chairman

   Shri Manish Nuwal, Member

   Shri Ajai Nigam, Member

   Mrs. Khushboo Pasari, Secretary

3. **Average net profit of the Company for last three Financial Years:**

   Average net profit: ₹135.24 Crores

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

   The Company is required to spend ₹3.37 Crores towards CSR.

5. **Details of CSR spend for the Financial Year:**

   a. **Total amount spent for the Financial Year:** ₹3.51 Crores

   b. **Amount unspent, if any:** Nil

5. c. Manner in which the amount spent during the Financial Year is detailed below;

(₹ in Crores)

Sr. No	Projects/ Activities	Sector in which the project is covered	Location where the project is undertaken	Amount Outlay (Budget) Project or Programs wise	Amount spent on the project or programs	Amount spent: Direct or through implementing agency
1.	**Promoting Education by:**	Education				
	• Construction of new building of Pawan Public School that caters underprivileged section of the Society.		Pauni, Bhandara (Dist.)	0.25	0.25	Through Gram Vikas Sanstha
	• Construction and repairs of building and classrooms of Preliminary School		Ringnabodi Nagpur (Dist.)	0.10	0.10	Direct
	• Developing infrastructure of schools, upgrading the school toilets and providing benches.		Various Bulk Plant Locations of the Company	0.05	0.06	Direct
2.	**Promoting Healthcare by:**	Health				
	• Construction of De-addiction and rehabilitation centre for alchoholic and drug addicts.		Nagpur	0.75	0.75	Direct
	• Contribution to Madhav Netralaya for the construction of Ophthalmic Care Hospital		Nagpur	0.51	0.51	Direct
	• Financial support for renovation and expansion of Swami Vivekanand Medical Mission Hospital		Nagpur	0.51	0.51	Direct
	• Providing Basic Life Support Ambulance, Mobile Medical Van.		Apti, Maregaon Yavatmal (Dist.)	0.13	0.13	Direct
	• Organising Health Check-up Camps and distribution of Free Medicines to villagers.		Bazargaon, Ringnabodi and at various Bulk plants of the Company	0.04	0.04	Direct
	• Distribution of Wheel Chairs to the peoples suffering from osteoarthritis.		Warora, Chandrapur (Dist.)	0.05	0.05	Maharogi Sewa Samiti, Warora
	• Contribution for the treatment of patient suffering from Penoscrotal Transpostion and Uretrhoplasty.		Nagpur	0.02	0.02	Direct
3.	**Ensuring Environment Sustainibility by:**	Environment				
	• Contribution towards environment stability and Ecological Balance through plantation of saplings.		Nagpur	0.05	0.05	Vanrai Foundation

c. Manner in which the amount spent during the Financial Year is detailed below;

(₹ in Crores)

Sr. No	Projects/ Activities	Sector in which the project is covered	Location where the project is undertaken	Amount Outlay (Budget) Project or Programs wise	Amount spent on the project or programs	Amount spent: Direct or through implementing agency
4.	**Development in Rural Areas by** • Setting up of R & D Centre for development of medicines from Cow Waste at Govigyan Anusandhan Kendra. • Preventive health care Activities for rural & tribal people • Setting of Residential School for poor students. • Training to local families & household of rural region for manufacturing medicines.	Rural Development	Govigyan Anusandhan Kendra Deolapar, Nagpur (Dist.)	0.50	0.50	Direct
	• Imparting training on innovative agriculture techniques • Development of Sewer lines along with Sewage Treatment Plant to purify water • Construction of community library		Thadipawni Nagpur (Dist.)	0.15	0.21	Krishi Vikas Prathishthan.
	• Installation of water chillers to provide clean & safe drinking water to villagers.		Hemalkasa, Bhamragad Gadchiroli (Dist.)	0.03	0.05	Rotary Foundation
5	**Promoting Public Welfare by** • Contribution towards construction of Old Age Home- "Anandashram".	Public Welfare	Nagpur	0.02	0.02	Direct
	• Contribution to Police Welfare Fund		Nagpur	0.05	0.10	Direct
6	Contribution for setting up centralized kitchen for Mid day Meal Project to feed 1 Lakh School children daily.	Eradicating Hunger & Poverty	Nagpur	0.11	0.11	Through ISKCON Food Relief Foundation
7.	Miscellaneous CSR Activities as per Schedule VII as per Companies Act, 2013.			0.05	0.05	Direct
	Total Amount Spent for the Financial Year 2017-18			**3.37**	**3.51**	

6. In case the Company has failed to spend the two percent of average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board's Report: Not Applicable

7. **Our CSR Responsibility statement**

We hereby declare 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 11, 2018

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 by internally and by experts regularly and 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 ₹0.48 Crores as capital investment on energy conservation equipment during the FY 2017-18.

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, optimization 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:** Improved safety, Product Quality improvement, production flexibility and enhancing efficiencies.

Research and Development (R& D)

Solar Industries India Limited has always focused towards innovating new products for its customers. The Company R&D activities have always moved in line with our operations. In this fiscal, the company introduced two new products, namely Blasteck 90 and Superfag under Bulk explosives. The Company has also developed alternate formulations P3 and P5 permissible explosive, and got it approved from CMIFR. The Company has increased our PETN productivity with modifications in processes. The Company has also improved process for increasing productivity of TNT. The Company's R & D activities have always helped us to improve the quality of products and packaging and meet international standards. Our R & D Labs has received an accreditation from the National Accreditation Board for Testing and Calibration Laboratories (NABL) and recognised by Department of Science and Technology (DST).

a) Specific area in which R&D carried out by the company in the field of:

- Our R & D activities run parallel to the activities in our principal areas of operation.
- Electronic Detonators.
- Packaged Explosives
- Bulk Explosives.
- Initiating Systems
- High Energy Naturals

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 Initiating Systems.
- Introduced products for defence application.

- Safe primary explosives composition developed which has result in improving the operational safety.
- Tracking and Tracing of Final Goods.

c) Future plan of action:

- Introducing new products for different application in Defence Sector.
- Development of variety of products for mining segment.
- Tracking and traceability of Finished Goods in collaboration with PESO.
- Develop substitute Eco-friendly chemicals to eliminate hazardous chemicals in the processes.
- Improving Quality and Shop-floor safety of Packaged Explosives and Detonators.
- Enhancing Customer's Satisfaction while handling the usage the production.
- Developing applications to provide improved blasting resolutions.

d) Expenditure on R&D:

(₹ in Crores)

Sr. No.	Particulars	2017-2018	2016- 2017
1.	Capital	0.65	1.43
2.	Recurring	5.28	2.90
3.	Total	5.93	4.33
4.	R&D Expenditure percentage of Turnover	0.45%	0.35%

C. Foreign Exchange Earnings and outgo:

(₹ in Crores)

Sr. No.	Particulars	2017-2018	2016- 2017
1.	Earningsin Foreign Exchange	157.51	100.96
2.	Outgo in Foreign Exchange:	52.26	91.29

For **and on behalf of the Board**

Place : Nagpur
Date : May 11, 2018

(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:

SOLAR'S 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 of 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 inconformity with Regulation 17(1) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Table 1: The composition of Board of Directors as on March 31, 2018 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 Director:

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.

Board Independence:

Based on the confirmation/disclosures received from the Directors and on evaluation of the relationships disclosed, all the Non-Executive Independent Directors are independent in terms of Listing Regulations, 2015.

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.

The Board has unrestricted access to all the company-related information which includes as specified in Regulation 17 and Schedule II(A) of Listing Regulations.

In the path of digitization and with a view to ensure its commitment to Go-Green initiative of the Government, the Company circulates to its Directors, notes for Board/ Committee meetings through an electronic platform thereby ensuring high standard of security and confidentiality of Board papers.

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 on 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 2017-18, the Board of Directors met five times i.e. May 29, 2017, August 02, 2017, November 14, 2017 (at 10.00 a.m.), November 14, 2017 (at 01.30 p.m.) and February 07, 2018.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 on February 07, 2018 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:

Senior management personnel of the Company make presentations to the Board Members on a periodical basis, briefing them on the operations of the Company, plans, strategy, risks involved, new initiatives, etc., and seek their opinions and suggestions on the same. In addition, the Directors are briefed on their specific responsibilities and duties that may arise from time to time. Any new Director who joins the Board is presented with a brief background of the Company, its operations and is informed of the important policies of the Company including the Code of Conduct for Directors and Senior Management Personnel, Code of Conduct for Prevention of Insider Trading, Policy on Related Party Transactions, Policy on Remuneration, Policy on material events, Policy on material subsidiaries, Whistle blower policy, Risk Management Policy, Policy on Anti-Corruption and Anti-Bribery, Policy on Prevention of Sexual Harassment and Corporate Social Responsibility policy.

The Statutory Auditors of the Company make presentations to the Board of Directors with regard to regulatory changes from time to time while approving the Financial Results.

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**

Table: 2 Composition of the Board and attendance records of Directors as on March 31, 2018

Sr. No.	Name of the Director	Category	Attendance at	
			Board Meeting	Last AGM
1.	Shri Satyanarayan Nuwal DIN: 00713547	Chairman and Executive Director	5/5	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	No
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	5/5	Yes
9.	Shri Amrendra Verma DIN: 00236108	Non-Executive Independent Director	3/5	No
10.	Smt. Madhu Vij DIN: 00025006	Non-Executive Independent Director	4/5	Yes

* Shri Roomie Dara Vakil resigned from the Board w.e.f May 11, 2018

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.

Table 3: Directorships/committee positions as on March 31, 2018

Sr. No.	Name of the Director	Category	Number of Directorships (including SIIL)	Chairmanship in committees of Board (including SIIL)	Membership in committees of Board (including SIIL)
1.	Shri Satyanarayan Nuwal DIN: 00713547	Chairman and Executive Director	05	-	-
2.	Shri Kailashchandra Nuwal DIN: 00374378	Vice-Chairman and Executive Director	05	-	01
3.	Shri Manish Nuwal DIN: 00164388	Managing Director and CEO	04	-	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	03

Sr. No.	Name of the Director	Category	Number of Directorships (including SIIL)	Chairmanship in committees of Board (including SIIL)	Membership in committees of Board (including SIIL)
8.	Shri Ajai Nigam DIN: 02820173	Non-Executive Independent Director	02	01	-
9.	Shri Amrendra Verma DIN: 00236108	Non-Executive Independent Director	04	-	04
10.	Smt. Madhu Vij DIN: 00025006	Non-Executive Independent Director	05	-	03

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, 2018 and none of them except Shri Dilip Patel have acquired any disqualification as per Section 164(2) of the Companies Act, 2013.
- Shri Suresh Menon is appointed as an Additional & Whole-time Director w.e.f. May 11, 2018.

* The Ministry of Corporate Affairs ("MCA") has included the name of Shri Dilip Patel in the list of disqualification under Section 164(2) of the Companies Act, 2013 due to non-filing of annual returns and final accounts by defaulting Company in which he is a Director. Further, Following the Condonation of Delay scheme, 2018 ("Scheme") introduced by Ministry of Corporate Affair ("MCA"), respective defaulting company has complied with all pending filings before April 30, 2018. The Director Identification Number (DIN) of Shri Dilip Patel is currently active.

** Shri Roomie Dara Vakil resigned from the Board w.e.f. May 11, 2018.

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	____

Note:

* Shri Roomie Dara Vakil resigned from the Board w.e.f. May 11, 2018.

2.7 Directors Shareholding

Table 5: Directors Shareholding as on March 31, 2018

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*	600
5.	Shri Anil Kumar Jain	Nil

Notes:

None of the Non-executive Independent Directors of the company held any Equity Shares of the Company during the financial year ended March 31, 2018.

* Shri Roomie Dara Vakil resigned from the Board w.e.f May 11, 2018

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 web-site 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 Board of Directors of the Company at its Meeting held on May 11, 2018 in view of amendments caused to the Companies Act, 2013 by way of Notification of certain provisions of Companies (Amendment) Act, 2017 by the May 07, 2018, have revised the terms of reference of Nomination and Remuneration Committee of the Board of Directors of the Company. The revised terms are incorporated in their respective portion forming part of this Report.

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 Meeting where Cost Audit Report is discussed. The due date for filing the Cost Audit Report for the financial year ended March 31, 2018 is October 30, 2018.

Shri Ajai Nigam has been appointed as a Chairman of the Audit Committee w.e.f from November 14, 2017. He was entitled to attend two Audit Committee Meetings only.

The former and present Chairman of the Audit Committee Shri Dilip Patel and Shri Ajai Nigam respectively attended the last Annual General Meeting held on August 21, 2017.

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 2017-18.

B. Meetings during the year

The Committee met four times during the year under review. The Committee meetings were held on May 29, 2017, August 02, 2017, November 14, 2017 and February 07, 2018. The gap between any two meetings has been less than four months.

C. Composition and Attendance

Table 6: Composition and Attendance of Audit Committee as on March 31, 2018

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

Note:

* Shri Ajai Nigam has been appointed as a Chairman of the Audit Committee w.e.f from November 14, 2017. He was entitled to attend two Audit Committee Meetings only.

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 Regulation 18 of 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. Specify methodology for effective evaluation of performance of Board/Committees/Directors either by Board, NRC or an Independent external agency and to review implementation of evaluation system;
4. Carry out the evaluation of every Director's performance and formulate criteria for evaluation of Independent Directors, Board/ Committees of Board and review the term of appointment of Independent Directors on the basis of the report of performance evaluation of Independent Directors;
5. Formulate the criteria for determining qualifications, positive attributes and independence of a director.
6. Recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
7. 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 attract and retain the best available personnel for position of substantial responsibility with the Company.

8. Overall responsibility of approving and evaluating the compensation plans, policies and programs for all the Executive Directors and Senior Management Personnel.

9. Devising a policy on diversity of board of directors.

10. Deciding whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

11. Undertake any other matters as the Board may decide from time to time.

Company has framed the Nomination & Remuneration Policy which is available at its website: **www.solargroup.com**

B. Meetings during the year:

The Committee met four times during the year under review. The Committee meetings were held on May 29, 2017, August 02, 2017, November 14, 2017 and February 07, 2018.

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, 2018

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:

1) The relationship of remuneration and performance benchmark is clear;

2) The relative performance of the Company to the industry performance and review of remuneration packages of managerial personnel of other organizations.

3) Perquisites and retirement benefits are paid according to the Company policy as applicable to senior executives of the Company, subject to prescribed statutory ceiling.

4) 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, recognize 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 2017-18 is as below:

Table 8: Remuneration paid to Executive Directors during the FY 2017-18:

(₹ in Crores)

Sr. No.	Executive Directors	Salary	Commission	Gratuity	Leave Encashment
1.	Shri Satyanarayan Nuwal	1.20	1.50	0.06	-
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	0.27	-	0.01	-
5.	Shri Anil Kumar Jain	0.33	-	0.03	-

Non-Executive Independent Directors Remuneration:

All the Five Non-Executive Independent Directors are Independent Directors i.e. Independent of management and free from any business or other relationship that could materially influence their judgment. All the independent directors satisfy the criteria of independence as defined under 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 2017-18. 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 2017-18 is as below:

Table 9: Remuneration paid to Non-Executive Directors during the FY 2017-18

in ₹

Sr. No.	Non-Executive Directors	Sitting Fees
1.	Shri Anant Sagar Awasthi	220000.00
2.	Shri Dilip Patel	260000.00
3.	Shri Amrendra Verma	180000.00
4.	Shri Ajai Nigam	230000.00
5.	Smt. Madhu Vij	180000.00

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 29, 2017, August 02, 2017, November 14, 2017 and February 07, 2018. 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, 2018

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, 2018

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

The Company Secretary, Mrs. Khushboo A. Pasari is designated as 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, observe practices of Corporate Governance at all levels, and to suggest remedial measures wherever necessary. 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

i. 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.

ii. To review the CSR Policy and associated frameworks, processes and practices of the Company and make appropriate recommendations to the Board.

iii. To ensure that the Company is taking the appropriate measures to undertake and implement CSR projects successfully and shall monitor the CSR Policy from time to time.

iv. To identify the areas of CSR activities and recommend the amount of expenditure to be incurred on such activities.

v. 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.

vi. To form and delegate authority to subcommittees when appropriate.

vii. 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 29, 2017, August 02, 2017, November 14, 2017 and February 14, 2018.

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, 2018

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

The Company Secretary Mrs. Khushboo Pasari acts as the Secretary to 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 minimization 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 dematerialized 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
22nd AGM 2017	Hotel Tuli Imperial , Central Bazar, Ramdaspeth Nagpur 440010	August 21, 2017 at 12.30 P.M	Special Resolution was passed for Appointment of Shri R.D Vakil
21st AGM 2016	Hotel Tuli Imperial , Central Bazar, Ramdaspeth Nagpur 440010	September 22, 2016 at 12.30 P.M	None
20th AGM 2015	Hotel Tuli Imperial , Central Bazar, Ramdaspeth Nagpur 440010	September 09, 2015 at 12.30 P.M	None

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

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

d) During the year under review, **No** Extraordinary General Meeting of the members of the company was convened.

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 2017-18, 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, Audited Annual Accounts, Consolidated Financial Statements, Director's Report, Auditor's Report and other important information is circulated to members and others entitled thereto. The Management Discussion and Analysis (MD&A) Reports forms part of the Annual Reports and is displayed on the Company's website **www.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)

he 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.

8.10 Reminder to Investors

Reminders to shareholders for claiming returned undelivered share certificates, unclaimed dividend and transfer of shares thereto, email registration are regularly communicated and dispatched.

9. General Shareholder Information and Disclosures

9.1 Annual General Meeting

Day & Date: **Tuesday, July 31, 2018**

Time: **12.30 p.m.**

Venue: **Hotel Tuli Imperial, Central Bazar, Ramdaspeth, Nagpur – 440 010, Maharashtra.**

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

The last date for receipt of proxy forms by us is **July 29, 2018** before **12.30 p.m.**

9.2 Financial Calendar

Our Tentative calendar for declaration of results for the financial year 2018-2019 is given below

Table 14: Financial results schedule for the year 2018-2019

Particulars	Tentative Schedule
Financial Reporting for the Quarter ending June 30, 2018	On or before August 15, 2018
Financial Reporting for the Quarter ending September 30, 2018	On or before November 15, 2018
Financial Reporting for the Quarter ending December 31, 2018	On or before February 15, 2019
Financial Reporting for the Year/Quarter ending March 31, 2019	On or before May 30, 2019
Annual General meeting for the Year ending March 31, 2019	In or before September, 2019

For the year ended on March 31, 2018 results were announced on May 11, 2018.
For the Quarter ended on June 30, 2018 results will be announced on July 30, 2018.

9.3 Final Dividend

The Board of Directors of the Company has proposed the Final Dividend of ₹6/- Per Equity Share i.e. 300 % on the face value of ₹2/- each for the financial year ended on March 31, 2018 subject to the approval by the shareholders of the Company at the 23rd Annual General Meeting.

Dates of Book Closure

The Register of Members and the share Transfer Books of the Company shall remain closed from **July 20, 2018 till July 31, 2018** (both days inclusive) for payment of Final Dividend and Annual General Meeting.

9.4 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 **August 24, 2018:**

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 **July 19, 2018.**
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 **July 19, 2018.**

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.

9.5 Dividend Policy

The Board of Directors has framed a Dividend Policy which is posted on the website of the Company.

9.6 Corporate Identity Number (CIN)

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

9.7 Listing on Stock Exchanges

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

Table 15: Listing Details

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

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

9.8 Market Price Data

The shares of the Company were listed on NSE and BSE on April 03, 2006 share price data from 01.04.2017 to 31.03.2018 is as follows:

Table 16: Market Price data of Solar Industries India Limited

Market price data of BSE & NSE stock exchanges FY 2017-18								
	Bombay stock exchange				National stock exchange			
	Share price		Sensex points		Share price		S & P CNX Nifty points	
Month	High	Low	High	Low	High	Low	High	Low
APRIL 2017	909.00	750.00	30184.22	29241.48	915.00	759.80	9367.15	9075.15
MAY 2017	847.95	775.20	31255.28	29804.12	847.50	772.05	9649.60	9269.90
JUNE 2017	850.00	797.00	31522.87	30680.66	845.00	800.25	9709.30	9448.75
JULY 2017	921.00	810.00	32672.66	31017.11	920.00	807.00	10114.85	9543.55
AUG 2017	910.00	834.85	32686.48	31128.02	905.25	833.00	10137.85	9685.55
SEP 2017	960.00	862.00	32524.11	31081.83	961.85	860.10	10178.95	9687.55
OCT 2017	1122.00	903.10	33340.17	31440.48	1118.35	895.30	10384.50	9831.05
NOV 2017	1225.00	1018.50	33865.95	32683.59	1210.05	1020.00	10490.45	10094.00
DEC 2017	1209.95	1106.60	34137.97	32565.16	1272.80	1100.00	10552.40	10033.35
JAN 2018	1232.15	1062.50	36443.98	33703.37	1224.90	1060.05	11171.55	10404.65
FEB 2018	1097.95	980.05	36256.83	33482.81	1097.95	980.00	11117.35	10276.30
MAR 2018	1077.00	981.05	34278.63	32483.84	1081.50	975.00	10525.50	9951.90

9.9 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: rnt.helpdesk@linkintime.co.in

9.10 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.

9.11 Distribution of shares and shareholding pattern as on March 31, 2018

Table 17: Distribution of Shareholding of Shares of the Company as on March 31, 2018

Shareholding of nominal value (₹)	Number of Shareholders	Number of Shares	Percent of total Shares
1 -- 5000	14004	1150726	1.2717
5001 – 10000	481	363956	0.4022
10001 – 20000	223	314937	0.3480
20001 – 30000	92	226790	0.2506
30001 – 40000	47	162954	0.1801
40001 – 50000	51	234975	0.2597
50001 – 100000	64	468096	0.5173
100001-- *****	118	87567621	96.7704
TOTAL	**15080**	**90490055**	**100**

Table 18: Shareholding Pattern (Category wise) as on March 31, 2018

Sr. No.	Number of Shareholders	No. of Shareholders	Total Shares	% Total Share holding
1	Promoters	11	66191271	73.1476
2	Resident Individuals (public)	13806	3606958	3.986
3	Hindu Undivided Family	443	335928	0.3712
4	Mutual Funds	42	16290759	18.0028
5	Clearing Members	115	42487	0.047
6	Other Bodies Corporate	259	677755	0.749
7	Government Companies	1	1070	0.0012
8	Non Resident Indians	236	38203	0.0422
9	Non-Resident Indians (Non Repatriable)	134	72970	0.0806
10	Non Nationalised Banks	2	9478	0.0105
11	Trusts	1	2250	0.0025
12	GIC & its Subsidiaries	1	1849149	2.0435
13	Foreign Portfolio Investor (Corporate)	29	1371777	1.5159
	TOTAL	**15080**	**90490055**	**100**

9.12 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.

Table 19: Major 10 Shareholders as on March 31, 2018 (other than promoters)

Sr. No.	Number of Shareholders	No. of Shares held	% Total Share holding
1	HDFC TRUSTEE COMPANY LIMITED - HDFC PRUDENCE FUND	6622448	7.3184
2	SBI MAGNUM BALANCED FUND	4221988	4.6657
3	KOTAK SELECT FOCUS FUND	2438019	2.6942
4	ICICI PRUDENTIAL LIFE INSURANCE COMPANY LIMITED	1849149	2.0435
5	DSP BLACKROCK MIDCAP FUND	1660422	1.8349
6	INDIA MIDCAP (MAURITIUS) LTD.	726431	0.8028
7	ADITYA BIRLA SUN LIFE TRUSTEE PRIVATE LIMITED A/C ADITYA BIRLA SUN LIFE MIDCAP FUND	501000	0.5537
8	CANARA ROBECO MUTUAL FUND A/C CANARA ROBECO EMERGING EQUITIES	441398	0.4878
9	VICCO PRODUCTS BOMBAY PVT LTD	265035	0.2929
10	TATA MID CAP GROWTH FUND	218500	0.2415

9.13 Plant Locations as on March 31, 2018

Table 20: Plant Locations as on March 31, 2018

Sr. No.	Unit	Address	City
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 Warur	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, Mouza Manua, Tahsil-Ramgarh Cant.,	Hazribagh, Jharkhand.
6	Solar Industries India Limited Tadali	MIDC Plot No. B-11, Chandrapur (Tadali) Growth Center,	Tadali, Distt- 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	Mouza Barapukuria, 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, Mauza Chainpur, Tahsil-Manendragarh,	Koria, Chattisgarh.
11	Solar Industries India Limited Karimnagar	Survey No.363, Kamanpur (mandal), Village Musthyala (A)	Karimnagar, Andra Pradesh
12	Solar Industries India Limited Jharsuguda	Mauza Behrapalli,Plot No: 389 & 392,	Jharsuguda, Orissa
13	Solar Industries India Limited Waidhan Unit-2	Khasra No.975/2, Ganyari	Dist. Singrauli (M.P)
14	Solar Industries India Limited Bhilwara	Khasra No.1459 &1460, Village Rupaheli	Tahesil Hurda, Dist Bhilwara (Raj.)
15	Solar Industries India Limited Kothagudem	Survey No. 117, Venkatesh Khani, Kothagudem (M),	Dist-Khammam (AP) -507103

Table 20: Plant Locations as on March 31, 2018 (Contd.)

Sr. No.	Unit	Address	City
16	Solar Industries India Limited Kota	Kh. No. 132 & 137, Vill-Dingsi, The- Ramganjmandi	Dist- Kota (Rajasthan)
17	Solar Industries India Limited Barbil	Kh.No.1034,1035,1046/1264,1046/ 1265,1046/1035,1034,1047 & 1048 Vill- Naibaga, The- Jhumpura (Barbil)	Dist- Keonjhar (OR)- 758031
18	Economic Explosives Limited	Village - Sawanga	Teh and Dist: Nagpur
19	Economic Explosives Limited, Nimjee	Kh – 40/1 & 40/2 , Khapri, PO – MIDC,Gondkhari, Kamleshwar Road	Distt – Singrauli (MP)
20	Emul Tek Private Limited	Plot No. 59, Udyog Deep Industrial Area, Waidhan	Distt – Singrauli (MP)
21	Blastec (India) Private Limited	Vill – Darramura, Orissa Road	Teh & Distt- Raigarh (CG)
22	Blastec (India) Private Limited	Plot No. 75, Udyog Deep Industrial Area, Waidhan	Distt – Singrauli (MP)
23	Blastec (India) Private Limited	Po – Nonbira, Vill – Ratija	Teh & Distt- Korba (CG)
24	Solar Industries India Limited, Kotputli (Under Process)	Kh.No. 200,201/1034,201 & 218 Village Kujota, Tahsil - Kotputli, Dist. - Jaipur, Rajasthan	Kotputli
25	Solar Industries India Limited, Bhadesar (Under Process)	Survey No 2683,2684, & 2685 Village - Bhadesar - 312602 Tahsil - Bhadsora Dist. Chittorgarh - Rajasthan	Bhadsora

9.14 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 **July 28, 2018 (10.00 a.m.) to July 30, 2018 (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 calling 23rd Annual General Meeting and also placed on the website of the Company.

9.15 Address for correspondence

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

Solar Industries India Limited
Khushboo Pasari
Compliance Officer/Company Secretary
11, Zade Layout,
Bharat Nagar,
Nagpur, Maharashtra
Tel: (0712) 2561000, 2561010
Fax: (0712) 2560202
Email: investor.relations@solargroup.com
CIN: L74999MH1995PLC085878

9.16 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 (FY 2009-10) of ₹55,686/- and Interim Dividend account (FY 2010-11) of ₹43,980/- to Investor Education and Protection Fund.

9.17 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 August 21, 2017 (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 and the corresponding dates when unclaimed dividends are due to be transferred to the Central Government.

Table 21: Details of unclaimed dividend

Sr. No.	Date of Declaration of Dividend	Unclaimed Amount as on March 31, 2018	Last Date for claiming Unpaid Dividend
2010-11 (Final)	August 10, 2011	11,504.00	August 09, 2018
2011-12 (Interim)	November 11, 2011	25,400.00	November 10, 2018
2011-12 (Final)	August 11, 2012	17,520.00	August 10, 2019
2012-13 (Interim)	November 05, 2012	13,780.00	November 04, 2019
2012-13 (Final)	September 11, 2013	47,664.00	September 10, 2020
2013-14 (Interim)	October 28, 2013	42,090.00	October 27, 2020
2013-14 (Final)	September 04, 2014	11,585.00	September 03, 2021
2014-15 (Interim)	November 10, 2014	20,552.00	November 09, 2021
2014-15 (Final)	September 09, 2015	37,431.00	September 08, 2022
2015-2016 (First Interim)	October 29, 2015	19,773.00	October 28, 2022
2015-2016 (Second Interim)	March 04, 2016	27,839.00	March 03, 2023
2016-17 (Interim)	February 14, 2017	53,484.00	February 13, 2024
2016-17 (Final)	August 21, 2017	28,290.00	August 20, 2024

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

Pursuant to applicable provisions of the Companies Act, 2013 ("the Act") read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("The Rules"); and Regulation 39 and corresponding Schedule VI of the Listing Regulations, Shares which were issued by the Company pursuant to public issue and all unpaid or unclaimed dividends are required to be transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government, after completion of seven years. Further, according to the Rules, the shares in respect of which dividend has not been paid or claimed by the Members for seven consecutive years or more shall also be transferred to the demat account created by the IEPF Authority.

The Company had sent individual notices and also advertised in the newspapers seeking action from the Members who have not claimed their dividends for seven consecutive years or more. Accordingly, the Company has transferred such unpaid or unclaimed dividends and corresponding shares upto the Interim Dividend for the Financial Year ended March 31, 2010.

Members/claimants whose shares, unclaimed dividend, have been transferred to the IEPF Demat Account or the Fund, as the case may be, may claim the shares or apply for refund by making an application to the IEPF Authority in Form IEPF-5 (available on **http://www.iepf.gov.in**) along with requisite fee as decided by the IEPF Authority from time to time. The Member/claimant can file only one consolidated claim in a Financial Year as per the IEPF Rules.

The Company will be transferring the Final Dividend and corresponding shares for the Financial Year ended March 31, 2011 and the Interim Dividend and corresponding shares for the Financial Year ended March 31, 2012 on or before September 08, 2018 and December 09, 2018 respectively. Members are requested to ensure that they claim the dividends and shares referred above, before they are transferred to the said Fund. Due dates for Transfer of Unclaimed Dividend to IEPF are provided in the Report on Corporate Governance.

Details of shares/shareholders in respect of which dividend has not been claimed, are provided on our website at **www.solargroup.com.** The shareholders are therefore encouraged to verify their records and claim their dividends of all the earlier seven years, if not claimed.

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 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.

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 shall 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 organization 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 2017-18, 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 Notes to Annual Accounts of the Company.

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.

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 and tenure of Independent Directors

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, and 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, 2018. 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 2017-18, 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 hereby confirm pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, that:

- The Board of Directors of Solar Industries India Limited 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, 2018.

For Solar Industries India Limited

Manish Nuwal
Managing Director &
Chief Executive Officer

Place: Nagpur
Date: May 11, 2018

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

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, 2018 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 2017-18 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

For Solar Industries India Limited

Nilesh Panpaliya
Chief Financial Officer

Place: Nagpur
Date: May 11, 2018

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, 2018, 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
Akshay Rathi & Associates
Chartered Accountants

Akshay Rathi
Proprietor
M. No. 161910
Firm Registration No.139703W

Place: Nagpur
Date: May 11, 2018

Business Responsibility Report

Our Value Building Journey:

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.	Questions	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	April 01, 2017 to March 31, 2018.
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	Manufacturing of Industrial Explosives and Initiating Systems (20292)
8.	List three key products/ services that the Company manufactures/ provides (as in balance sheet)	• Industrial Explosives (Bulk + Large & Small Dia. Explosives) • Detonating Fuse • Electric and Non-Electric Detonators Please refer to company's website (www.solargroup.com) for complete details of the products.
9.	Total number of locations where business activity is undertaken by the Company	i) **International Locations :** Solar through its subsidiaries has operations in Zambia, Nigeria, Turkey and South Africa. ii) **National Locations :** Solar's domestic manufacturing units are located in the 8 states viz. Maharashtra, Chhattisgarh, Madhya Pradesh, Jharkhand, Odisha, Telangana, Rajasthan and West Bengal.
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.	Questions	Company Information
1.	Paid up Capital (₹) As on 31.03.2018	90490055 Equity shares of ₹2 each amounting ₹180980110/-
2.	Turnover (₹)	1305.35 Crores
3.	Total profit after taxes (₹)	134.26 Crores
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax	The Company's total spending for the FY 2017-18 is ₹3.51 Crores which is 2.61 % of Profit after tax.
5.	Activities in which in point 4 above has been incurred	• Education • Health Care • Rural Development • Environment • Public Welfare

Section C

Other Details

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

Yes.

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

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 Business Responsibility (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:

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) 0712-6681841
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.	Ethics, Transparency and Accountability	Code of Conduct, Whistle Blower Policy, Anti Bribery Policy
2.	Products Life-cycle Sustainability	Policy on Product responsibility and Life-cycle Sustainability
3.	Employees' Well-Being	Policy on Employee Well-Being.
4.	Stakeholder Engagement	Policy on Stakeholder Engagement
5.	Human Rights	Policy on Human Rights
6.	Environment	Policy on Environment, Health and Safety
7.	Policy advocacy	Policy on Responsible advocacy
8.	Inclusive Growth and Equitable Development	Policy on Corporate Social Responsibility
9.	Customer value	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)

Principle-wise as per National Voluntary Guidelines (NVGs)

S 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	Yes, the policies have been communicated to all the internal stakeholders. For external stakeholders 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. The BR Policies are communicated through this report.								
8.	Does the Company have in-house structure to implement the policy/ policies?	Yes, the Sustainability Compliance Review Committee (SCRC) of the Corporate Social Responsibility 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? :

The Company publishes the information on BR which forms part of the Annual Report of the Company. The Annual Report is also uploaded on the website of the Company at **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 highest 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 is committed to adhere to the good standards of ethical, moral and legal conduct of business operations. The Company, in order to maintain these standards has adopted the 'Code of Conduct', and the 'Policy on Anti-Bribery' 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 also has a 'Whistle blower policy'.

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 2017-18.

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, wherein appropriate health and safety elements across manufacturing, delivery and consumption are identified and evaluated.

Creating sustainable products is a part of SIIL's endeavor towards responsible product stewardship. The company aims to make it's products more 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.

   a) Microdet: This is the trade name of the product developed at Economic Explosives Ltd. It is basically a electronic detonator used for initiating detonator sensitive explosives. The advantages of Electronic Detonator over the conventional electric or non-electric detonator used in the mining industry are:

      i) higher precision

      ii) improved blasting results owing to wide range of delays

      iii) reduction in air blast/ground vibration

      iv) safe use in extraneous electric environments

      v) possibility of limiting the amount of detonators per shot.

   b) Ultrasafe Detonator:

   This product is another development in our initiating explosives range of products .It belongs to the electric initiating explosives group. It has the following advantages:

      i) The normal aluminum electric detonator has lead styphnate as one of it's explosive components. This chemical is highly sensitive to discharge of static electricity. Also manufacturing of this chemical in the plant creates environmental problems from the effluent generated during manufacture which intern results in reduction of power in the treatment of waste water and recovers water for process utilisation. In Ultrasafe detonator this chemical has been eliminated and replaced by another chemical which does not have the drawbacks of Lead Styphnate.

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 usage by consumers (energy, water) has been achieved since the previous year?

   The power consumption per Ton of explosives has been reduced from 45 units to 27 units in 2 years by the incorporation and improvement of process resulting elimination of Chillers from the product line. This has drastically reduced the power consumption from one of the product called Emulsion.

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 SIIL 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 SIIL has adopted the approach of OSHAS 18001.

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

The product is designed in such a manner that after use there should not be any effect on environment. Products are tested from their environmental aspects by the authorized 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 nearby 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 used in the process specially packaging materials. SIIL distribute lots of works to the local vendors for its developments and we have better experience in getting in time supply.

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 minimise generation of waste from the processes. We have mechanism to separate explosives and non-explosives waste in the process. SIIL is recycling most of the useful wastes and all others are destroyed being explosives in nature. Company uses bi-products for making useful raw materials to be used in process of other products.

We follow the guidelines of Explosives Rules, 2008 and Authorisation for disposal of wastes to the Common Hazardous Waste Treatment, Storage and Disposal facility as approved by Maharashtra Pollution Control Board.

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	2020
2	Please indicate the Total number of employees hired on temporary/ contractual/ casual basis	3285
3	Please indicate the Number of permanent women employees	60
4	Please indicate the Number of permanent employees with disabilities	6
5	Do you have any Employees association that is recognized by the management	There is one employees association that is recognized 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 recognized 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. Employee training and development is an essential element of Solar's strategy. During FY 2017-18 the Company provided safety & skill up-gradation training to alomost 90% of the concerned employees including casual employees, employees with disabilities who required the same. Solar has imparted 3.075 million man hours of training in its work place.

Principle 4 - Stakeholders Engagement

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

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: Employees, Shareholders & Investors, Business Partners, Consumers and Community.

S.r 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 & marginalized stakeholders?

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

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized 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 marginalized stakeholders.

As Solar is always ahead in implementing various initiatives for the development and progress of Vulnerable, down trodden & marginalized section of the society. For this engage these people as and where possible. We have already engaged some employees in our Company who are handicapped. We are planning to engage these type of people in society in future also.

Principle 5: Human Rights
Businesses should respect and promote human rights

The Company respects the rights of people in communities where it operates. The Company recognizes its responsibility to respect human rights and avoid complicity in human rights abuses. It 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 members 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 2017-18.

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 organization 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 minimizing 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 the assess the potential environmental risk and controlled measures has been provided for all individual plants. The company has been certified by the DNV for Environment Management System – ISO 14000.

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 effluent water. The recycled water is used only after getting desired property treatments.

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 decolorized which is causing high potential environmental risk. After successful trials all commercial productions are being made with potassium perchlorate in place of Lead Styphnate which is much safer and environmental friendly.

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 authorized 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 MePCB under Water/Air/ Hazardous Waste (Management & handling) Rules and dully renewed up to 30.06.2021.
   2. MPCB officials visiting factory regular 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

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

   Yes, the major areas in which initiative/ projects undertaken is given below:

   A. Rural Development
   B. Education
   C. Heath care
   D. Environment
   E. Public Welfare

   The details of CSR initiatives undertaken by your company are set out in Annexure 'D' of Director's Report.

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

   Solar collaborates with Government bodies, NGOs and donating agencies to implement community initiatives in the thematic areas of Rural Development, education, health, environment, public welfare, eradicating hunger and poverty and contribution to the fund recognised by government.

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 ₹ and the details of the projects undertaken?

   Solar has spent overall ₹3.51 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 27 complaints during the year which were resolved as at 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. There is one case pending in Supreme Court on Bid rigging filed by the commission against the order of the Appellate commission. This pertains to the Case filed by Coal India Ltd on 10 manufacturers for bid rigging during the year 2010-11.

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

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

Standalone Financial Statements

Independent Auditor's Report

To the Members of Solar Industries India Limited

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Solar Industries India Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS Financial Statements

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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act., read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our 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. We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS 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 Ind AS 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 accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the standalone Ind AS 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, 2018, its profit/loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Other Matter

The Ind AS financial statements of the Company for the year ended March 31, 2017, included in these standalone Ind AS financial statements, have been audited by the predecessor auditor who expressed an unmodified opinion on those statements on May 29, 2017.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. 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 purpose of our audit;

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) The Balance Sheet, Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

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

   (e) On the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of section 164 (2) of the Act;

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

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

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

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any 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.

For **Akshay Rathi & Associates**
Chartered Accountants
ICAI Firm registration number: 139703W

per **Akshay Rathi**
Proprietor
Membership No.: 161910

Place: Nagpur
Date: May 11, 2018

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

per **Shyamsundar Pachisia**
Partner
Membership No.: 49237

Place: Nagpur
Date: May 11, 2018

Annexure 1 to the Independent Auditor's Report of Even Date on the Standalone Financial Statements of Solar Industries India Limited

Report on the matters specified in paragraphs 3 and 4 of the Companies (Auditor's report) Order, 2016 ("the Order") in terms of Sub-section 11 of Section 143 of the Companies Act, 2013 ("the Act")

(i) (a) The Company has maintained 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 were noticed on such verification.

(c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment/ fixed assets are held in the name of the company.

(ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.

(iii) (a) The Company has granted loans to four companies covered in the register maintained under section 189 of the Companies Act, 2013. In our opinion and according to the information and explanations given to us, the terms and conditions of the grant of such loans are not prejudicial to the company's interest.

(b) The Company has granted loans that are re-payable on demand, to companies covered in the register maintained under section 189 of the Companies Act, 2013. We are informed that the company has not demanded repayment of any such loan during the year, and thus, there has been no default on the part of the parties to whom the money has been lent. The payment of interest has been regular.

(c) There are no amounts of loans granted to companies, firms or other parties listed in the register maintained under section 189 of the Companies Act, 2013 which are overdue for more than ninety days.

(iv) In our opinion and according to the information and explanations given to us, provisions of section 185 and 186 of the Companies Act 2013 in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the company.

(v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

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

(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other 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 records of the Company, the dues of income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax and cess on account of any dispute, are as follows:

Nature of statue	Nature of the dues	Amount under dispute not deposited (₹ in Crores)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Demand of excise duty (including penalty)	0.01	2004-2005	Supreme Court
Central Excise Act, 1944	Demand of excise duty (including penalty)	3.31	2000-2015	Tribunal
Central Excise Act, 1944	Demand of excise duty (including penalty)	0.15	2005-2017	Commissionerate
Central Sales Tax Act, 1956 and State Sales Tax Act	Demand of sales tax and VAT	0.38	2008-2009	Tribunal
State Sales Tax Act	Demand of VAT	0.36	2013-2016	High Court

(viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or government or dues to debenture holders.

(ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer / further public offer / debt instruments and term loans were applied for the purposes for which they were raised.

(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 no fraud by the company or no fraud / material fraud on the company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

(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 Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) 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 and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.

(xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **Akshay Rathi & Associates**
Chartered Accountants
ICAI Firm registration number: 139703W

per **Akshay Rathi**
Proprietor
Membership No.: 161910

Place: Nagpur
Date: May 11, 2018

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

per **Shyamsundar Pachisia**
Partner
Membership No.: 49237

Place: Nagpur
Date: May 11, 2018

Annexure 2 to the Independent Auditor's Report of Even Date on the Standalone Financial Statements of Solar Industries India Limited

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

We have audited the internal financial controls over financial reporting of Solar Industries India Limited ("the Company") as of March 31, 2018 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

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. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls 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 specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, 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.

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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

In our opinion, the Company has, 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, 2018, 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.

For **Akshay Rathi & Associates**
Chartered Accountants
ICAI Firm registration
number: 139703W

per **Akshay Rathi**
Proprietor
Membership No.: 161910

Place: Nagpur
Date: May 11, 2018

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

per **Shyamsundar Pachisia**
Partner
Membership No.: 49237

Place: Nagpur
Date: May 11, 2018

Balance Sheet As at March 31, 2018

(All amounts in ₹ Crores, unless otherwise stated)

	Notes	As at March 31, 2018	As at March 31, 2017
ASSETS			
Non-current assets			
Property, Plant and Equipment	3A	419.71	402.39
Capital work-in-progress	3A	34.56	15.97
Intangible assets	3B	0.47	0.36
Financial assets			
Investments	4	57.67	58.24
Loans	5	166.03	103.53
Other financial assets	6	22.89	21.16
Current tax assets (net)		3.95	2.16
Other non-current assets	9	8.94	7.36
Total non-current assets		**714.22**	**611.17**
Current assets			
Inventories	10	90.66	77.83
Financial assets			
Investments	4	7.85	44.26
Trade receivables	7	150.44	177.81
Cash and cash equivalents	8	4.04	8.19
Bank balances other than cash and cash equivalents	8	5.91	1.52
Loans	5	52.22	56.35
Other financial assets	6	41.28	40.71
Other current assets	9	25.41	31.73
Total current assets		**377.81**	**438.40**
Non-current assets classified as held for sale		1.60	-
Total assets		**1,093.63**	**1,049.57**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	11	18.10	18.10
Other equity	11A	741.11	640.54
Total equity		**759.21**	**658.64**
LIABILITIES			
Non-current liabilities			
Financial Liabilities			
Borrowings	12	75.22	80.30
Deferred tax liabilities (net)	14	81.74	68.12
Total non-current liabilities		**156.96**	**148.42**
Current liabilities			
Financial liabilities			
Borrowings	13	21.26	96.72
Trade payables	15	52.07	36.99
Other financial liabilities	16	81.09	89.28
Other current liabilities	17	20.48	18.13
Provisions	17a	2.56	1.39
Total current liabilities		**177.46**	**242.51**
Total liabilities		**334.42**	**390.93**
Total equity and liabilities		**1,093.63**	**1,049.57**
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 **Akshay Rathi & Associates**
Chartered Accountants
ICAI Firm Registration
Number: 139703W

per **Akshay Rathi**
Proprietor
Membership No.- 161910

Place: Nagpur
Date: May 11, 2018

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

per **Shyamsundar Pachisia**
Partner
Membership No.- 49237

Place: Nagpur
Date: May 11, 2018

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

S.N. Nuwal
Chairman &
Executive Director
DIN: 00713547

Manish Nuwal
Managing Director &
CEO
DIN: 00164388

Khushboo Pasari
Company Secretary
Membership No.- F7347

Nilesh Panpaliya
Chief Financial Officer

Place: Nagpur
Date: May 11, 2018

Statement of Profit and Loss for the year ended March 31, 2018

(All amounts in ₹ Crores, unless otherwise stated)

	Notes	Year ended March 31, 2018	Year ended March 31, 2017
Income			
Revenue from operations	18	1,305.35	1,253.22
Other income	19	18.23	13.38
Total income		**1,323.58**	**1,266.60**
Expenses			
Cost of materials consumed	20	750.02	678.57
Purchases of Stock-in-trade		91.39	76.07
Changes in inventories of work-in-progress, stock-in-trade and finished goods	21	(19.46)	(1.79)
Excise duty on sale of goods		32.08	115.91
Employee benefit expense	22	69.00	54.35
Depreciation and amortization expense	25	26.09	19.28
Other expenses	23	154.81	113.27
Finance costs	24	14.23	13.79
Total expenses		**1,118.16**	**1,069.45**
Profit before tax		**205.42**	**197.15**
Tax expense :			
- Current tax	14	57.01	54.69
- Deferred tax	14	14.15	9.88
Total tax expense		**71.16**	**64.57**
Profit for the year		**134.26**	**132.58**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement loss on defined benefit plans		(1.59)	(0.71)
Income tax relating to these items		0.55	0.25
		(1.04)	**(0.46)**
Items that will be reclassified to profit or loss			
Net movement on Cash Flow Hedges		0.04	-
Income tax relating to these items		(0.02)	-
		0.02	**-**
Total Other comprehensive income for the year, net of tax		**(1.02)**	**(0.46)**
Total comprehensive income for the year		**133.24**	**132.12**
Earnings per equity share			
Basic and Diluted earnings per share	26	14.84	14.60
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 **Akshay Rathi & Associates**
Chartered Accountants
ICAI Firm Registration
Number: 139703W

per **Akshay Rathi**
Proprietor
Membership No.- 161910

Place: Nagpur
Date: May 11, 2018

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

per **Shyamsundar Pachisia**
Partner
Membership No.- 49237

Place: Nagpur
Date: May 11, 2018

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

S.N. Nuwal
Chairman &
Executive Director
DIN: 00713547

Manish Nuwal
Managing Director &
CEO
DIN: 00164388

Khushboo Pasari
Company Secretary
Membership No.- F7347

Nilesh Panpaliya
Chief Financial Officer

Place: Nagpur
Date: May 11, 2018

Statement of Cash Flows for the year ended March 31, 2018

(All amounts in ₹ Crores, unless otherwise stated)

	Year ended March 31, 2018	Year ended March 31, 2017
Cash flows from operating activities		
Profit before tax	205.42	197.15
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and amortisation expense	26.09	19.28
Net gain on disposal of property, plant and equipment	(0.09)	(0.01)
Net gain on financial assets mandatorily measured at fair value through profit or loss	(0.27)	(1.38)
Profit on sale of financial assets carried at fair value through profit or loss	(1.78)	(1.91)
Dividend and interest income	(11.65)	(9.55)
Finance costs	14.23	13.79
Impairment on property, plant and equipment	-	0.65
Impairment loss on investment	-	0.98
Impairment loss on trade receivable	(0.29)	2.24
Bad debts written off	6.47	-
Loans and advances written off	2.67	0.19
Fair value changes on derivatives not designated as hedges	(0.12)	(0.46)
Net foreign exchange differences	(3.71)	2.10
Operating profit before working capital changes	**236.97**	**223.07**
Working capital adjustments :		
Decrease/ (Increase) in trade receivables	23.18	(47.47)
(Increase) in inventories	(12.83)	(8.37)
Increase/ (Decrease) in trade payables	15.08	(41.09)
(Increase) in other financial assets (excluding derivatives)	(5.69)	(9.65)
Decrease/ (Increase) in other assets (current and non-current)	5.13	(2.82)
Increase/ (Decrease) in other current liabilities	2.35	(4.41)
(Decrease)/ Increase in provisions	(0.42)	0.68
Increase in other financial liabilities (excluding derivatives)	7.65	7.75
Cash generated from operations	**271.42**	**117.69**
Less : Income taxes paid	58.80	47.53
Net cash flows from operating activities	**212.62**	**70.16**
Cash flows from investing activities		
Purchase of property, plant and equipment, including capital work-in-progress and capital advances	(66.90)	(79.17)
Proceeds from sale of property, plant and equipment	1.55	0.24
Other loans (given)/ repaid to/ by related party	(6.69)	0.44
Non-current loans (given) to related parties	(65.62)	(8.43)

Statement of Cash Flows for the year ended March 31, 2018

(All amounts in ₹ Crores, unless otherwise stated)

	Year ended March 31, 2018	Year ended March 31, 2017
Loans repaid/ (given) by/ to others	13.48	8.64
Proceeds from sale/ (Purchase) of investments	39.03	(33.84)
(Investment in)/ Proceeds from fixed deposits	(4.39)	2.59
Dividend and interest income received	11.41	9.51
Net cash flows from investing activities	**(78.13)**	**(100.02)**
Cash flows from financing activities		
Proceeds from non-current borrowings	50.04	49.95
Repayment of non-current borrowings	(66.30)	(22.30)
(Repayment of)/ Proceeds from current borrowings	(75.91)	40.66
Interest paid	(13.80)	(10.69)
Dividends paid to company's shareholders	(27.15)	(18.10)
Dividend distribution tax	(5.52)	(3.68)
Net cash flows from/ (used in) financing activities	**(138.64)**	**35.84**
Net increase / (decrease) in cash and cash equivalents	**(4.15)**	**5.98**
Add:-Cash and cash equivalents at the beginning of the year	8.19	2.21
Cash and cash equivalents at end of the year (refer note 8)	**4.04**	**8.19**

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached

For **Akshay Rathi & Associates**
Chartered Accountants
ICAI Firm Registration
Number: 139703W

per **Akshay Rathi**
Proprietor
Membership No.- 161910

Place: Nagpur
Date: May 11, 2018

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

per **Shyamsundar Pachisia**
Partner
Membership No.- 49237

Place: Nagpur
Date: May 11, 2018

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

S.N. Nuwal
Chairman &
Executive Director
DIN: 00713547

Manish Nuwal
Managing Director &
CEO
DIN: 00164388

Khushboo Pasari
Company Secretary
Membership No.- F7347

Nilesh Panpaliya
Chief Financial Officer

Place: Nagpur
Date: May 11, 2018

Statement of Changes in Equity for the year ended March 31, 2018

(All amounts in ₹ Crores, unless otherwise stated)

A. EQUITY SHARE CAPITAL

	No of Shares	Amount
At April 1, 2016 (Equity Shares of ₹10 each issued, subscribed and fully paid)	**1,80,98,011**	**18.10**
Add:- Share split during the year	7,23,92,044	
At March 31, 2017 (Equity Shares of ₹2 each issued, subscribed and fully paid)	**9,04,90,055**	**18.10**
At April 1, 2017 (Equity Shares of ₹2 each issued, subscribed and fully paid)	9,04,90,055	18.10
At March 31, 2018 (Equity Shares of ₹2 each issued, subscribed and fully paid)	**9,04,90,055**	**18.10**

B. OTHER EQUITY

	Reserves and surplus				Cash flow hedge reserve (Note 11A)	Total other equity
	Securities premium reserve (Note 11A)	Retained earnings (Note 11A)	Capital reserve (Note 11A)	General reserve (Note 11A)		
Balance at April 1, 2016	**149.13**	**175.17**	**4.29**	**201.61**	**-**	**530.20**
Total profit for the year	-	132.58	-	-	-	132.58
Transfer from retained earnings	-	-	-	45.00	-	45.00
Transfer to General reserve	-	(45.00)	-	-	-	(45.00)
Other comprehensive income :						
Remeasurement loss on defined benefit plans	-	(0.46)	-	-	-	(0.46)
Transactions with owners :						-
Interim Dividend 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**	**240.51**	**4.29**	**246.61**	**-**	**640.54**

Statement of Changes in Equity for the year ended March 31, 2018

(All amounts in ₹ Crores, unless otherwise stated)

B. OTHER EQUITY (CONTD...)

	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, 2017	**149.13**	**240.51**	**4.29**	**246.61**	**-**	**640.54**
Total profit for the year	-	134.26	-	-	-	134.26
Transfer from retained earnings	-	-	-	45.00	-	45.00
Transfer to General reserve	-	(45.00)	-	-	-	(45.00)
Other comprehensive income :						
Net movement in Cash Flow ₹edges	-	-	-	-	0.02	0.02
Remeasurement loss on defined benefit plans	-	(1.04)	-	-	-	(1.04)
Transactions with owners :						
Final Dividend of FY 2016-17	-	(27.15)	-	-	-	(27.15)
Tax on Final Dividend of FY 2016-17	-	(5.52)	-	-	-	(5.52)
Balance at March 31, 2018	**149.13**	**296.06**	**4.29**	**291.61**	**0.02**	**741.11**

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached

For **Akshay Rathi & Associates**
Chartered Accountants
ICAI Firm Registration
Number: 139703W

per **Akshay Rathi**
Proprietor
Membership No.- 161910

Place: Nagpur
Date: May 11, 2018

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

per **Shyamsundar Pachisia**
Partner
Membership No.- 49237

Place: Nagpur
Date: May 11, 2018

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

S.N. Nuwal
Chairman &
Executive Director
DIN: 00713547

Manish Nuwal
Managing Director &
CEO
DIN: 00164388

Khushboo Pasari
Company Secretary
Membership No.- F7347

Nilesh Panpaliya
Chief Financial Officer

Place: Nagpur
Date: May 11, 2018

Notes to financial statements for the year ended March 31, 2018

NOTE 1: CORPORATE INFORMATION

Solar Industries India Limited ('the Company') is a company domiciled in India, with its registered office situated in 11, Zade Layout, Bharat Nagar, Nagpur – 440033 (Maharashtra). 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.

These standalone financial statements have been prepared in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Companies Act, 2013 ("the Act") read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other relevant provisions of the Act.

Current and non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

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

2.2 Summary of significant accounting policies

a. Use of estimates

The preparation of the financial statements 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.

Notes to financial statements for the year ended March 31, 2018

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 recognized in the statement of profit and loss when the asset is disposed.

Capital work in progress is stated at cost, net of accumulated impairment loss, if any. Plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

c. Intangible assets

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

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

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 recognized in the statement of profit and loss when the asset is disposed.

d. Depreciation and amortization

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

Assets	Company's estimate of useful life (years)	Useful life as prescribed under schedule II (years)
Property , Plant and Equipment		
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 equipment and Computers	3 to 6	3 to 6
Leasehold land	Over lease period	Over lease period
Intangible Assets		
Software and Licenses	6	6
Others (Transfer of Technology)	10	10

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

Notes to financial statements for the year ended March 31, 2018

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

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

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

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

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

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

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. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

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.

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 capitalized 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 recognized as an expense in the statement of profit and loss as per the terms of the lease agreements.

A leased asset is depreciated/amortised over the useful life of the asset. However, if there is no reasonable certainty that the company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Notes to financial statements for the year ended March 31, 2018

h. Investments in subsidiaries and associates

Investments in subsidiaries and associates are recognized 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 amortized 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 amortized 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 amortized 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.

C. De-recognition

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

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

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

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

Notes to financial statements for the year ended March 31, 2018

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 recognized at fair value, and subsequently carried at amortized cost.

B. **Financial liabilities at fair value through profit and loss:**

Financial liabilities at fair value through profit and loss are measured at fair value with all changes recognized in the statement of profit and loss.

C. **Financial guarantee contracts**

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

iii) **Derivative financial instruments and hedge accounting**

The Company uses derivative financial instruments, such as forward currency contracts, foreign currency option contracts and interest rate swaps, to hedge its foreign currency risks and interest rate risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

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

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

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

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

Notes to financial statements for the year ended March 31, 2018

allowance based on lifetime ECLs at each reporting date, right from its initial recognition. As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L.

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.

However, sales tax /value added tax (VAT) / Goods and service tax (GST) is not recieved by group on its own account. Rather, it is tax callected as value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

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) Sale of projects

Revenue from the sale of projects is recognised when the significant risks and rewards of ownership of the project have passed to the buyer which generally will be at the time of sale. Revenue from sale of projects is measured at the fair value of the consideration received or receivable.

iii) Interest Income

Interest income is recognized 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.

iv) 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 considered as revenue grant and the same has been recognized 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 favorable 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 recognized at the prevailing exchange rates on the transaction dates. Realised gains and losses on settlement of foreign currency transactions are recognized in Statement of Profit and Loss.

Monetary foreign currency assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognized in the Statement of Profit and Loss.

m. Inventories

Inventories are valued at the lower of cost and net realisable value.

Notes to financial statements for the year ended March 31, 2018

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 recognized 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.

(iii) Leave encashment

Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short-term employee benefit for measurement purposes. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the reporting date. Re-measurements, comprising of actuarial gains and losses are recognized in full in the statement of profit and loss.

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

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 recognized directly in equity is recognized 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 recognized for all taxable temporary differences, except deferred tax liability arising from initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, affects neither accounting nor taxable profit/loss at the time of transaction. Deferred tax assets are recognized for all deductible temporary differences, 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 recognized only to the extent that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available against which such deferred tax assets can be realized.

Notes to financial statements for the year ended March 31, 2018

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the same taxable entity and the same taxation authority.

Deferred tax relating to items recognized outside the statement of profit and loss is recognized in co-relation to the underlying transaction either in other comprehensive income or directly in equity.

Minimum alternate tax (MAT) credit is recognized 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 (CODM) of the Company.

(ii) Segment accounting policies

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

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 year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the reporting period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares), if any occurred during the reporting period, that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit for the year attributable to the equity shareholders and the weighted average number of equity shares outstanding during the year, are adjusted for the effects of all dilutive potential equity shares.

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.

r. Provisions

A provision is recognized when the Company has a present obligation as a result of past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, 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 recognized 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 recognized 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.

u. Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Notes to financial statements for the year ended March 31, 2018

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

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

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

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

v. Non-current assets held for sale

The Company classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decisions to sell will be withdrawn. Management must be committed to the sale expected within one year from the date of classification.

For these purposes, sale transactions include exchanges of non-current assets for other non-current assets when the exchange has commercial substance. The criteria for held for sale classification is regarded met only when the assets is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets, its sale is highly probable; and it will genuinely be sold, not abandoned. The Company treats sale of the asset to be highly probable when:

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

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

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

w. Significant accounting estimates and assumptions

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

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its

Notes to financial statements for the year ended March 31, 2018

assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Useful Lives of Property, Plant & Equipment

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

Impairment of non-financial assets

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

Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Defined benefit plans (gratuity benefits)

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

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

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

Fair value measurement of financial instruments

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

x. Recent accounting pronouncements

Standards issued but not effective

Ind AS 115 Revenue from Contracts with Customers

Ind AS 115 was notified on March 28, 2018 and establishes a five-step model to account for revenue arising from contracts with customers. Under Ind AS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under Ind AS. This new standard requires revenue to be recognized when promised goods or services are transferred to customers in amounts that reflect the consideration to which the Company expects to be entitled in exchange for those goods or services. Ind AS 115 is effective for the Company in the first quarter of financial year 2018-19 using either one of two methods: (i) retrospectively to each prior reporting period presented in accordance with Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors, with the option to elect certain practical expedients as defined within Ind AS 115 (the full retrospective method); or (ii) retrospectively with the cumulative effect of initially applying Ind AS 115 recognized at the date of initial application (April 01, 2018) and providing certain additional disclosures as defined in Ind AS 115 (the modified retrospective method).

Notes to financial statements for the year ended March 31, 2018

The Company continues to evaluate the available transition methods and its contractual arrangements. The ultimate impact on revenue resulting from the application of Ind AS 115 will be subject to assessments that are dependent on many variables, including, but not limited to, the terms of the contractual arrangements and the mix of business. The Company's considerations also include, but are not limited to, the comparability of its financial statements and the comparability within its industry from application of the new standard to its contractual arrangements. The Company continues to evaluate the changes to accounting system and processes, and additional disclosure requirements that may be necessary. A reliable estimate of the quantitative impact of Ind AS 115 on the financial statements will only be possible once the implementation project has been completed. This standard will come into force from accounting period commencing on or after April 01, 2018, hence do not impact the standalone financial statements for the year ended March 31, 2018.

Amendments to Ind AS 112 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in Ind AS 112

The amendments clarify that the disclosure requirements in Ind AS 112, other than those in paragraphs B10–B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal Company that is classified) as held for sale.

The amendment are effective retrospectively for annual periods beginning on or after April 01, 2018, the Company will assess and apply the amendment effective for annual periods beginning on or after April 01, 2018, as applicable.

Amendments to Ind AS 12 Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

These amendments are effective for annual periods beginning on or after April 01, 2018, the Company will assess and apply the amendment effective for annual periods beginning on or after April 01, 2018, as applicable.

Transfers of Investment Property — Amendments to Ind AS 40

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

Entities should apply the amendments prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. An entity should reassess the classification of property held at that date and, if applicable, reclassify property to reflect the conditions that exist at that date. Retrospective application in accordance with Ind AS 8 is only permitted if it is possible without the use of hindsight.

The amendments are effective for annual periods beginning on or after April 01, 2018, the Company will assess and apply the amendment effective for annual periods beginning on or after April 01, 2018, as applicable.

Ind AS 28 Investments in Associates and Joint Ventures – Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice

The amendments clarify that:

An entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss.

If an entity, that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which: (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent.

Notes to financial statements for the year ended March 31, 2018

The amendments should be applied retrospectively and are effective from April 01, 2018. These amendments are not applicable to the Company.

Appendix B to Ind AS 21 Foreign Currency Transactions and Advance Consideration

The Appendix clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the transaction date for each payment or receipt of advance consideration.

Entities may apply the Appendix requirements on a fully retrospective basis. Alternatively, an entity may apply these requirements prospectively to all assets, expenses and income in its scope that are initially recognised on or after:

(i) The beginning of the reporting period in which the entity first applies the Appendix, or

(ii) The beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the Appendix.

The Appendix is effective for annual periods beginning on or after April 01, 2018, the Company will assess and apply the amendment effective for annual periods beginning on or after April 01, 2018, as applicable.

Notes to financial statements for the year ended March 31, 2018

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 3A. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Leasehold Land*	Buildings	Furniture and Fixtures	Plant and Machinery	Vehicles	Office Equipment and Computers	Total	Capital Work-in-progress
Year ended March 31, 2017									
Gross carrying amount as at April 1, 2016 [1]									
Opening gross carrying amount	34.37	0.25	137.59	2.64	181.67	8.26	2.27	367.05	12.13
Additions	6.20	0.38	17.92	0.15	45.08	1.48	0.82	72.03	3.84
Disposals	-	-	-	-	(0.13)	(0.71)	(0.01)	(0.85)	-
Impairment	-	-	-	-	(5.07)	-	-	(5.07)	-
Closing gross carrying amount as at March 31, 2017	**40.57**	**0.63**	**155.51**	**2.79**	**221.55**	**9.03**	**3.08**	**433.16**	**15.97**
Accumulated depreciation									
Opening accumulated depreciation as at April 1, 2016 [1]	-	-	3.55	0.43	11.26	0.71	0.71	16.66	-
Depreciation charge for the year	-	-	4.05	0.44	12.50	1.54	0.62	19.15	-
Disposals	-	-	-	-	(0.09)	(0.52)	(0.01)	(0.62)	-
Impairment	-	-	-	-	(4.42)	-	-	(4.42)	-
Closing accumulated depreciation as at March 31, 2017	**-**	**-**	**7.60**	**0.87**	**19.25**	**1.73**	**1.32**	**30.77**	**-**
Net carrying amount March 31, 2017	**40.57**	**0.63**	**147.91**	**1.92**	**202.30**	**7.30**	**1.76**	**402.39**	**15.97**
Year ended March 31, 2018									
Gross carrying amount as at April 1, 2017									
Opening gross carrying amount	40.57	0.63	155.51	2.79	221.55	9.03	3.08	433.16	15.97
Additions	4.49	-	16.37	1.27	15.67	7.35	1.12	46.27	18.59
Other adjustments	(1.60)	-	-	-	-	-	-	(1.60)	-
Disposals	-	-	(0.43)	-	(1.18)	(0.37)	(0.12)	(2.10)	-
Closing gross carrying amount as at March 31, 2018	**43.46**	**0.63**	**171.45**	**4.06**	**236.04**	**16.01**	**4.08**	**475.73**	**34.56**
Accumulated depreciation									
Opening accumulated depreciation as at April 1, 2017	-	-	7.60	0.87	19.25	1.73	1.32	30.77	-
Depreciation charge for the year	-	0.03	6.18	0.48	16.91	1.62	0.67	25.89	-
Disposals	-	-	(0.06)	-	(0.13)	(0.33)	(0.12)	(0.64)	-
Closing accumulated depreciation as at March 31, 2018	**-**	**0.03**	**13.72**	**1.35**	**36.03**	**3.02**	**1.87**	**56.02**	**-**
Net carrying amount March 31, 2018	**43.46**	**0.60**	**157.73**	**2.71**	**200.01**	**12.99**	**2.21**	**419.71**	**34.56**

1 Gross carrying amount and accumulated depreciation have been regrouped and netted in line with IND AS requirement, with effect from April 1, 2015 i.e., date of transition to IND AS for the Company.

* Leasehold Land is amortised over useful life for the period of 99 years (Amounting to ₹0.07), 95 years (Amounting to ₹0.08) & 89 years (Amounting to ₹0.48) as per agreement.

The above tangible movable and immovable fixed assets are subject to first pari passu charge on the non current loans from banks and second Pari Passu charge on the working capital loans both present and future.

Notes to financial statements for the year ended March 31, 2018

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 3B. INTANGIBLE ASSETS

	Software & License	Others [2]	Total
Year ended March 31, 2017			
Gross carrying amount as at April 1, 2016 [1]			
Opening gross carrying amount	0.64	-	0.64
Additions	0.01	-	0.01
Disposals	-	-	-
Closing gross carrying amount as at March 31, 2017	**0.65**	**-**	**0.65**
Accumulated amortization			
Opening amortisation of intangible assets as at April 1, 2016 [1]	0.16	-	0.16
Amortisation for the year	0.13	-	0.13
Closing accumulated ammortization as at March 31, 2017	**0.29**	**-**	**0.29**
Net carrying amount March 31, 2017	**0.36**	**-**	**0.36**
Year ended March 31, 2018			
Gross carrying amount as at April 1, 2017			
Opening gross carrying amount	0.65	-	0.65
Addition	0.01	0.29	0.30
Closing gross carrying amount as at March 31, 2018	**0.66**	**0.29**	**0.95**
Accumulated amortization			
Opening amortisation of intangible assets as at April 1, 2017	0.28	-	0.28
Amortisation for the year	0.18	0.02	0.20
Closing accumulated amortization as at March 31, 2018	**0.46**	**0.02**	**0.48**
Net carrying amount March 31, 2018	**0.20**	**0.27**	**0.47**

1 Gross carrying amount and accumulated depreciation have been regrouped and netted in line with IND AS requirement, with effect from April 1, 2015 i.e., date of transition to IND AS for the Company.

2 Others represents Transfer of Technology (TOT) by Defence Research and Development Organisation (DRDO) to the Company for manufacturing of products for India Armed Forces for limited period of 10 years.

Notes to financial statements for the year ended March 31, 2018

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 4: INVESTMENTS

Non-current investments

	Face value	Number of Shares/Units		Amount	
		March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Unquoted					
Investment carried at Cost					
Investment in Equity instruments in :					
Wholly owned subsidiaries (fully paid up)					
Economic Explosives Limited	₹10	48,00,000	48,00,000	14.50	14.50
Solar Mines & Minerals Limited [1]	₹10	-	50,000	-	0.05
Solar Mining Resources Limited [1]	₹10	-	50,000	-	0.05
Blastec India Private Limited	₹100	4,98,766	4,98,766	0.50	0.50
Emul Tek Private Limited	₹10	49,77,700	49,77,700	0.80	0.80
Solar Defence Limited	₹10	50,000	50,000	0.05	0.05
Solar Defence System Limited	₹10	50,000	50,000	0.05	0.05
Solar Overseas Mauritius Limited	USD 100	85,000	85,000	38.82	38.82
				54.72	**54.82**
Investment carried at Cost					
Investment in Equity instruments of Associates :					
SMS Bhatgaon Mines Extension Private Limited	₹10	4,90,000	4,90,000	0.49	0.49
Solar Bhatgaon Extension Mines Private Limited	₹10	4,90,000	4,90,000	0.49	0.49
Provision for impairment				(0.98)	(0.98)
				-	-
Investment carried at Fair Value through Profit or Loss					
Investment in Equity instruments of Others					
Ganga Care ₹ospital Limited	₹10	1,10,000	1,10,000	0.11	0.11
				0.11	0.11
Investment in Venture Capital Fund (Unquoted)					
Kotak India Growth Fund II	₹100,000	500	500	2.84	3.31
Aggregate amount of unquoted investments				**57.67**	**58.24**
Aggregate amount of impairment in value of investments				(0.98)	(0.98)

1 The National Company Law Tribunal (NCLT) has approved merger of Solar Mines & Minerals Limited and Solar Mining Resources Limited (Transferor companies) with Economic Explosives Limited (Transferee company) effective from April 1, 2017. Considering both Transferer and Transferee company are wholly owned subsidiaries of the Company and as part of the Scheme, upon Scheme coming into effect, all the shares of two transferor Companies held by the Company, on the effective date shall stand cancelled and extinguished. Accordingly, investment in transferee companies have been charged to income statement.

Notes to financial statements for the year ended March 31, 2018

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 4: INVESTMENTS (CONTD...)

Current investments

	Face value	Number of Shares/Units		Amount	
		March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Quoted					
Investment in equity instruments of (fully paid-up) :					
Reliance Industrial Infrastructure Limited	₹10	-	987	-	0.05
IDFC Limited	₹2	-	5,331	-	-
IDFC Limited	₹10	10,900	10,900	0.05	0.06
IDFC Bank Limited	₹10	-	9,480	-	0.06
Mukand Limited	₹10	-	30,930	-	0.26
Sunil Hitech Engineers Limited	₹1	1,16,000	1,16,000	0.10	0.14
Quoted					
Investment in Mutual Funds (fully paid-up)					
HDFC Prudence Fund-Direct Plan-Growth Option	₹10	1,06,466	1,06,466	5.38	5.02
Reliance Regular Saving Fund-Balanced Plan-Direct Growth Option	₹10	-	12,49,774	-	6.20
Reliance Regular Saving Fund-Debt Plan-Direct Growth Plan	₹10	-	28,08,325	-	6.60
ICICI Prudential Liquid - Direct Plan - Growth	₹10	-	1,24,689	-	3.00
Birla Sun Life Balanced '95 Fund-Growth Direct Plan	₹10	7,356	29,970	0.57	2.13
Birla Sun Life Balanced '95 Fund-Growth Regular Plan	₹10	-	33,837	-	2.31
Birla Sun Life Cash Manager-Growth Direct Plan	₹10	-	1,23,280	-	5.01
SBI Magnum Balanced Fund-Regular Growth	₹10	91,992	2,01,217	1.19	2.20
SBI Magnum Balanced Fund-Direct Growth	₹10	-	1,85,571	-	2.10
Kotak Balance Direct Plan Growth	₹10	2,19,861	8,98,773	0.56	2.12
Kotak Liquid Direct Plan Growth	₹10	-	6,069	-	2.00
Franklin India Treasury Management Account-Super Institutional Plan-Direct-Growth	₹10	-	20,568	-	5.00
				7.85	**44.26**
Aggregate amount of quoted investments and market value thereof (Refer Note 32)				7.85	44.26

Notes to financial statements for the year ended March 31, 2018

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 5: LOANS

	March 31, 2018		March 31, 2017	
	Current	Non-Current	Current	Non-Current
Unsecured, considered good				
Loan to subsidiaries/ step down subsidiaries (refer note 30A)	40.99	95.60	32.49	31.61
Loan to Others	11.23	56.05	23.86	56.05
Secured, considered good				
Loan to others	-	14.38	-	15.87
	52.22	**166.03**	**56.35**	**103.53**

Notes:

1. 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.
2. 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. Subsequent to the balance sheet date, the Company has received the award of the arbitration in its favour. Accordingly, the management believes that this amount would be recovered in full, however, since the counterparty carries the right to appeal against the outcome of the arbitration with higher authorities, the timing of such recovery is uncertain and hence the same is continued to be classified as non-current.
3. No Loans receivable are due from directors or other officers of the company either severally or jointly with any other person, nor any loans receivable are due from firms or private companies respectively in which any director is a partner, a director or a member, except for the balances disclosed in the notes below.

Loans to private companies in which the company's director is a director

	March 31, 2018		March 31, 2017	
	Current	Non-Current	Current	Non-Current
Loan to subsidiaries				
Blastec (India) Private Limited	15.13	-	15.24	-
Emul Tek Private Limited	2.19	-	-	-
	17.32	**-**	**15.24**	**-**

4. Loans to subsidiaries / step-down subsidiaries pertain to funds advanced to the said related parties for regular working capital requirements. The said loans are repayable on demand and carry an interest rate at the rate of 9% per annum.
5. Loans to others includes funds advanced to unrelated third parties wherein the said loans are either repayable on demand or as per the repayment schedule agreed within the contractual terms with such third party. The said loans carry an interest rate @ 12% per annum.

NOTE 6: OTHER FINANCIAL ASSETS

	March 31, 2018		March 31, 2017	
	Current	Non-Current	Current	Non-Current
Derivative Instruments at fair value through profit or loss				
Fair valuation of derivative contracts	1.99	-	5.62	-
	1.99	**-**	**5.62**	**-**
Others				
Sales tax receivable	37.17	21.05	33.87	18.72
Other receivables from associates (refer note 30C)	1.14	-	1.02	-
Claims receivable	0.01	-	0.16	-
Security deposits	0.73	1.84	-	2.44
Interest accrued but not due	0.24	-	0.04	-
	39.29	**22.89**	**35.09**	**21.16**
	41.28	**22.89**	**40.71**	**21.16**

Notes:

1. Derivative instruments at fair value through profit or loss reflect the positive change in fair value of those foreign exchange option/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 financial statements for the year ended March 31, 2018

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 7: TRADE RECEIVABLES

	March 31, 2018	March 31, 2017
Trade receivables	120.03	129.60
Receivables from related parties (refer note 30B)	46.70	64.79
Less: Allowance for doubtful debts	(16.29)	(16.58)
	150.44	**177.81**

Break-up of security details

	March 31, 2018	March 31, 2017
Secured, considered good	6.16	5.41
Unsecured, considered good	144.28	172.40
Doubtful	16.29	16.58
	166.73	**194.39**
Allowance for doubtful debts (refer note 33)	(16.29)	(16.58)
	150.44	**177.81**

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person, nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member, except for the balances disclosed in the notes below.

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

Receivables from private companies in which the Company's directors is a director

	March 31, 2018	March 31, 2017
Receivables from related parties (refer note 30)		
Blastec India Private Limited	-	0.39
Emul Tek Private Limited	0.29	-
	0.29	**0.39**

NOTE 8. CASH AND CASH EQUIVALENTS

	March 31, 2018	March 31, 2017
Cash and cash equivalents		
Balances with banks		
In current accounts	3.22	0.71
Cheques in hand	0.71	7.14
Cash on hand	0.11	0.34
	4.04	**8.19**
Bank balances other than cash and cash equivalents		
Balances with Banks with original maturity of more than three months but less than 12 months	0.40	0.14
Balances with Bank held as margin money or security against guarantee or other commitments	5.47	1.31
Earmarked balances with banks (on unclaimed dividend accounts)	0.04	0.07
	5.91	**1.52**

Notes to financial statements for the year ended March 31, 2018

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 8. CASH AND CASH EQUIVALENTS (CONTD..)

Changes in liabilities arising from financing activities

	March 31, 2017	Cash flows	Foreign exchange management	Changes in fair value	March 31, 2017
Current borrowings	96.72	(75.91)	0.45	-	21.26
Non-current borrowings	149.09	(16.27)	(1.99)	-	130.84
Total liabilities from financing activities	**245.81**	**(92.18)**	**(1.54)**	**-**	**152.10**

NOTE 9: OTHER ASSETS

	March 31, 2018		March 31, 2017	
	Current	Non-Current	Current	Non-Current
Capital advances	-	7.99	-	5.57
Advances other than capital advances :				
Prepayments	1.16	-	-	0.72
Prepaid of leasehold property	-	0.95	-	1.07
Advances to suppliers for goods and services	7.74	-	10.81	-
Advances to staff	0.10	-	0.37	-
Balances with revenue authorities	16.41	-	20.55	-
	25.41	**8.94**	**31.73**	**7.36**

NOTE 10. INVENTORIES

	March 31, 2018	March 31, 2017
Raw materials and packing materials (Includes stock in transit of ₹6.61 (March 31, 2017 : Nil))	45.05	54.12
Work-in-progress	23.38	9.89
Finished goods	5.05	4.45
Stock-in-trade (Includes stock in transit of ₹5.48 (March 31, 2017 : ₹0.12)	5.49	0.13
Stores and spares	10.08	8.35
Project inventory held for sale	1.61	0.89
	90.66	**77.83**

NOTE 11: EQUITY SHARE CAPITAL

	Number of Shares		Amount	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Authorised equity share capital				
(face value ₹2 each)	13,50,00,000	13,50,00,000	27.00	27.00
	13,50,00,000	**13,50,00,000**	**27.00**	**27.00**
Issued, Subscribed and fully paid equity share capital (face value ₹2 each)	9,04,90,055	9,04,90,055	18.10	18.10
	9,04,90,055	**9,04,90,055**	**18.10**	**18.10**

Notes to financial statements for the year ended March 31, 2018

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 11: EQUITY SHARE CAPITAL (CONTD..)

(a) Movements in equity share capital

	Number of Shares		Amount	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Number of Shares at the beginning of the year	9,04,90,055	1,80,98,011	18.10	18.10
Add: Shares split during the year	-	7,23,92,044	-	-
Number of Shares at the end of the year	**9,04,90,055**	**9,04,90,055**	**18.10**	**18.10**

(b) Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹2 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Equity shares held by ultimate holding/ holding company 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 sharehoders	% holding		Number of Shares	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Shri Satyanarayan Nuwal	22.48%	22.48%	2,03,43,695	2,03,43,695
Shri Kailashchandra Nuwal	19.60%	19.60%	1,77,39,095	1,77,39,095
Smt Indira Devi Nuwal	6.15%	6.15%	55,68,230	55,68,230
Smt Leela Devi Nuwal	5.61%	5.61%	50,75,940	50,75,940
Smt Sohan Devi Nuwal	5.14%	5.14%	46,49,690	46,49,690

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.

Notes to financial statements for the year ended March 31, 2018

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 11A. OTHER EQUITY

Securities premium reserve

At April 1, 2016	**149.13**
At March 31, 2017	**149.13**
At March 31, 2018	**149.13**

Retained earnings

At April 1, 2016	**175.17**
Add : Profit for the year	132.58
Less :Transfer to General Reserve	(45.00)
Less : Interim Dividends	(18.10)
Less : Tax on Interim Dividend	(3.68)
Less : Remeasurement loss on defined benefit plans	(0.46)
At March 31, 2017	**240.51**
Add : Profit for the year	134.26
Less :Transfer to General Reserve	(45.00)
Less : Remeasurement loss on defined benefit plans	(1.04)
Less : Final Dividend of FY 2016-17	(27.15)
Less : Dividend Distribution Tax (DDT) on Final Dividend of FY 2016-17	(5.52)
At March 31, 2018	**296.06**

Capital reserve

At April 1, 2016	**4.29**
At March 31, 2017	**4.29**
At March 31, 2018	**4.29**

General reserve

At April 1, 2016	**201.61**
Add : Transfer from retained earnings	45.00
At March 31, 2017	**246.61**
Add : Transfer from retained earnings	45.00
At March 31, 2018	**291.61**

Cash flow hedge reserve

At April 1, 2016	**-**
At March 31, 2017	**-**
Add : Net movement on Cash Flow Hedges	0.02
At March 31, 2018	**0.02**

Notes to financial statements for the year ended March 31, 2018

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 11B. DISTRIBUTION MADE AND PROPOSED

	March 31, 2018	March 31, 2017
Cash dividends on equity shares declared and paid:		
Final dividend for the year ended on March 31, 2017: ₹3 per share (March 31, 2016 ₹ NIL per share)	27.15	-
DDT on final dividend	5.52	-
Interim dividend for the year ended on March 31, 2018: ₹ NIL per share (March 31, 2017 ₹2 per share)	-	18.10
DDT on interim dividend	-	3.68
	32.67	**21.78**
Proposed dividends on Equity shares *		
Final cash dividend for the year ended on March 31,2018: ₹6 per share (March 31, 2017: ₹3 per share)	54.29	27.15
DDT on proposed dividend	11.16	5.52
	65.45	**32.67**

* Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability (including DDT thereon) as at March 31, 2018 and March 31, 2017.

NOTE 12. NON-CURRENT BORROWINGS

	March 31, 2018	March 31, 2017
Secured Borrowings carried at amortised cost		
Term loans from banks		
Foreign currency loan from Banks (USD)	124.58	149.09
Indian Rupee term loan	6.26	-
Interest accrued but not due	0.38	0.72
	131.22	**149.81**
Less: Amount clubbed under "Other current financial liabilities" (refer note 16)		
Current maturities of long-term debt	(55.62)	(68.79)
Interest accrued but not due on non-current borrowings	(0.38)	(0.72)
	75.22	**80.30**

NOTE 13. CURRENT BORROWINGS

	March 31, 2018	March 31, 2017
Secured		
From banks		
Foreign currency working capital loan	14.99	14.50
Indian Rupee working capital loan	-	0.18
Buyer's credit	6.27	18.16
Interest accrued but not due	0.05	0.10
Unsecured		
From banks		
Indian Rupee working capital loan	-	45.00
Loan from related parties	-	18.88
Interest accrued but not due	-	2.28
	21.31	**99.10**
Less: Amount clubbed under "Other current financial liabilities" (refer note 16)		
Interest accrued but not due on current borrowings	(0.05)	(2.38)
	21.26	**96.72**

Notes to financial statements for the year ended March 31, 2018

(All amounts in ₹ Crores, unless otherwise stated)

	Maturity date	Terms of repayment	March 31, 2018	March 31, 2017
Non current Borrowing				
Secured				
Foreign currency term loan from Bank	Sep 11, 2017	Single repayment at the end of the term	-	19.45
Foreign currency term loan from Bank	Jan 12, 2018	Single repayment at the end of the term	-	20.75
Foreign currency term loan from Bank	July 9, 2018	Single repayment at the end of the term	16.19	16.11
Foreign currency term loan from Bank	Sep 28, 2018	Repayable in Four equal half yearly installment	6.22	18.56
Foreign currency term loan from Bank	March 31, 2020	Repayable in eight equal quarterly installment starting after moratorium period of 12 months	44.33	50.62
Rupee Term Loan from Bank	March 31, 2020	Repayable in eight equal quarterly installment starting after moratorium period of 12 months	6.26	-
Foreign currency term loan from Bank	Aug 31, 2018	Repayable in eight equal half yearly installment	8.15	24.32
Foreign currency term loan from Bank	Sep 19, 2019	Single repayment at the end of the term	50.07	-
			131.22	**149.81**

The above foreign currency from Banks carries an interest rate of LIBOR + 100 to 300 bps
The Indian rupee long term loan from Bank carries an interest rate of 3 % + 1year MCLR

	Maturity date	Terms of repayment	March 31, 2018	March 31, 2017
Current Borrowings				
Secured				
Foreign currency working capital loan from Bank	Oct 24, 2018	Single repayment at the end of the term	15.04	14.50
Buyer's credit	June 7, 2017	Single repayment at the end of the term	-	8.73
Buyer's credit	April 27, 2017	Single repayment at the end of the term	-	9.53
Buyer's credit	May 23, 2018	Single repayment at the end of the term	6.27	-
Indian rupee working capital loan from Banks	On Demand	On Demand	-	0.18
Foreign currency working capital loan from Bank	July 04, 2015	Single repayment at the end of the term	-	-
Foreign currency working capital loan from Bank	July 08, 2015	Single repayment at the end of the term	-	-
Buyer's credit	May 30, 2015	Single repayment at the end of the term	-	-
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
Buyer's credit	May 20, 2016	Single repayment at the end of the term	-	-
Buyer's credit	Sep 08, 2016	Single repayment at the end of the term	-	-
Buyer's credit	April 07, 2016	Single repayment at the end of the term	-	-
			21.31	**99.10**

The above foreign currency loans and Buyer's credit from Banks carries an interest rate of LIBOR + 30 bps to LIBOR + 300 bps

Security

The above non current loans from banks are secured by first pari passu charge on the tangible movable and immovable fixed assets and second pari passu charge on the Company's current asset. 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 fixed 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,debt service coverage ratio (DSCR), gearing ratio & fixed asset coverage ratio. The Company has satisfied all debt covenants prescribed in the terms of bank loans.

The other loans do not carry any debt covenants.
The Company has not defaulted on any loans payable.

Notes to financial statements for the year ended March 31, 2018

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 14: TAX EXPENSES

The major components of tax expense for the years ended March 31, 2018 and March 31, 2017 are :

Statement of profit and loss:

Profit or loss section

	March 31, 2018	March 31, 2017
Current income tax:		
Current income tax charge	57.01	54.69
Deferred tax:		
Relating to origination and reversal of temporary differences	14.15	9.88
Tax expense reported in the statement of profit or loss	**71.16**	**64.57**

OCI section

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

	March 31, 2018	March 31, 2017
Net gain/(loss) on revaluation of cash flow hedges	0.02	-
Net (loss)/gain on remeasurements of defined benefit plans	(0.55)	(0.25)
Income tax charged to OCI	**(0.53)**	**(0.25)**

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2018 and March 31, 2017

	March 31, 2018	March 31, 2017
Accounting profit before tax	205.42	197.15
Enacted income tax rate in India	34.61 %	34.61 %
Computed expected tax expense	71.09	68.23
Effect of :		
Donation	0.25	0.52
CSR Expense	1.21	0.98
Investment allowance reserve	-	(2.27)
Income taxed at lower rates	-	(0.04)
Long term loss on shares	0.02	-
Capital Income	(0.76)	(0.82)
Dividend	(0.10)	-
LTCG on bond	(0.20)	(0.10)
R&D expense	(1.20)	(1.99)
Impairment of assets	-	0.23
Derivative	0.17	(0.47)
Others	0.15	0.05
Total income tax expense	**70.63**	**64.32**

Notes to financial statements for the year ended March 31, 2018

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 14: TAX EXPENSES (CONTD...)

Deferred tax

Deferred tax relates to the following :

Balance sheet

	March 31, 2018	March 31, 2017
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortisation charged for the financial reporting	87.87	73.82
Financial assets at fair value through profit or loss	0.08	0.14
Derivative Instruments at fair value through profit or loss	0.62	0.47
Gratuity	-	0.25
Provision for investments in associates	(0.34)	(0.34)
Provision towards trade receivables	(5.63)	(5.74)
Employee benefits	(0.86)	(0.48)
Net deferred tax (assets)/ liabilities	**81.74**	**68.12**

Statement of profit or loss

	March 31, 2018	March 31, 2017
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortisation charged for the financial reporting	14.05	11.43
Provision towards trade receivables	0.10	(0.78)
Provision for investments in associates	-	(0.34)
Employee benefits	(0.38)	(0.48)
Financial assets at fair value through profit or loss	(0.06)	(0.21)
Derivative Instruments at fair value through profit or loss	0.15	0.16
Gratuity	(0.24)	(0.02)
Remeasurement of defined benefit plans	0.55	0.25
Revaluation of cash flow hedges	(0.02)	-
Other	-	(0.13)
Deferred tax expense/(income)	**14.15**	**9.88**

Reconciliation of deferred tax liabilities (net):

	March 31, 2018	March 31, 2017
Opening balance as of April 1	**68.12**	**58.49**
Tax (income)/expense during the period recognised in profit or loss	14.15	9.88
Tax (income)/expense during the period recognised in OCI	(0.53)	(0.25)
Closing balance as at March 31	**81.74**	**68.12**

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

During the year ended March 31, 2018 and March 31, 2017, the Company has paid dividend to its shareholders. This has resulted in payment of DDT to the taxation authorities. The Company believes that DDT represents additional payment to taxation authority on behalf of the shareholders. Hence DDT paid is charged to equity.

Notes to financial statements for the year ended March 31, 2018

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 15. TRADE PAYABLES

	March 31, 2018	March 31, 2017
Current		
Trade payables	48.75	36.97
Trade payables to related parties (refer note 30C)	3.32	0.02
	52.07	**36.99**

Trade payables are non-interest bearing and are normally settled on 60-day terms

For trade payables due to MSMED, refer to Note 36

For terms and conditions with related parties, refer to Note 30B

For explanations on the Group's credit risk management processes, refer to Note 33

NOTE 16. OTHER CURRENT FINANCIAL LIABILITIES

	March 31, 2018	March 31, 2017
Derivative Instruments at fair value through profit or loss		
Fair valuation of derivative contracts	0.48	4.27
	0.48	**4.27**
Other financial liabilities at amortised cost		
Current maturities of long term debt (refer note 12)	55.62	68.79
Interest accrued on non-current borrowings (refer note 12)	0.38	0.72
Interest accrued on current borrowings (refer note 13)	0.05	2.38
	56.05	**71.89**
Others		
Capital creditors	1.29	0.60
Employee related payables	9.70	7.27
Liabilities towards trade discounts	12.87	5.20
Unpaid dividend	0.04	0.05
Other payables	0.66	-
	24.56	**13.12**
	81.09	**89.28**

Notes to financial statements for the year ended March 31, 2018

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 17. OTHER CURRENT LIABILITIES

	March 31, 2018	March 31, 2017
Statutory dues payables	6.67	6.71
Advances from customers	13.30	11.42
Other advances	0.51	-
	20.48	**18.13**

NOTE 17a. PROVISIONS

	Provision for gratuity	Provision for leave encashment	Total
At April 01, 2017	**-**	**1.39**	**1.39**
Arising during the year	2.41	1.15	3.56
Utilised during the year	(1.61)	(0.06)	(1.67)
Other adjustments	(0.72)	-	(0.72)
At March 31, 2018	**0.08**	**2.48**	**2.56**
Current	0.08	2.48	2.56
Non-current	-	-	-
At April 01, 2016		**-**	**-**
Arising during the year		1.39	1.39
At March 31, 2017		**1.39**	**1.39**
Current		1.39	1.39
Non-current		-	-

NOTE 18. REVENUE FROM OPERATIONS

The Company derives the following types of revenue:

	March 31, 2018	March 31, 2017
Sale of products (including excise duty)	1,262.62	1,210.20
Other operating revenues	42.73	43.02
	1,305.35	**1,253.22**

Sale of products includes excise duty collected from customers of ₹32.08 (March 31, 2017 : ₹115.91). Sale of products net of excise duty is ₹1,230.54 (March 31, 2017 : ₹1,094.29). Revenue from operations for periods upto June 30, 2017 includes excise duty. From July 1, 2017 onwards the excise duty and most indirect taxes in India have been replaced with Goods and Service Tax (GST). The Company collects GST on behalf of the Government. Hence, GST is not included in revenue from operations. In view of the aforesaid change in indirect taxes, revenue from operations for the year ended March 31, 2018 is not comparable to the year ended March 31, 2017.

Notes to financial statements for the year ended March 31, 2018

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 19. OTHER INCOME

	March 31, 2018	March 31, 2017
Interest income		
On financial assets carried at amortised cost		
from subsidiaries	9.29	5.73
from others	1.76	3.73
on deposits with bank	0.30	0.09
Profit on sale of investments carried at fair value through profit or loss	1.78	1.91
Interest received on income tax refund	1.07	0.07
Dividend income from equity investments designated at fair value through profit or loss	0.30	-
Net gain on disposal of property, plant and equipment	0.09	0.01
Net gain on financial assets mandatorily measured at fair value through profit or loss	0.27	1.38
Net gain on foreign currency transaction and translation	3.24	-
Fair value gain on derivatives not designated as hedges	0.13	0.46
	18.23	**13.38**

NOTE 20. COST OF MATERIALS CONSUMED

	March 31, 2018	March 31, 2017
Raw materials and packing materials at the beginning of the year	54.12	46.89
Add: Purchases during the year	740.95	685.80
Less: Raw materials and packing materials at the end of the year	45.05	54.12
	750.02	**678.57**

NOTE 21. CHANGES IN INVENTORIES OF WORK-IN-PROGRESS, STOCK-IN-TRADE AND FINISHED GOODS

	March 31, 2018	March 31, 2017
Opening balance		
Work-in progress	9.88	9.00
Finished goods	4.45	3.55
Stock-in-trade	0.13	-
	14.46	**12.55**
Closing balance		
Work-in progress	23.38	9.89
Finished goods	5.05	4.45
Stock-in-trade	5.49	-
	33.92	**14.34**
	(19.46)	**(1.79)**

NOTE 22. EMPLOYEE BENEFIT EXPENSE

	March 31, 2018	March 31, 2017
Salaries, wages and bonus	65.23	51.56
Contribution to provident and other funds	2.72	2.07
Staff welfare expenses	1.05	0.72
	69.00	**54.35**

Notes to financial statements for the year ended March 31, 2018

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 23. OTHER EXPENSES

	March 31, 2018	March 31, 2017
Consumption of stores and spares	7.65	7.35
Excise duty on inventory	-	0.44
Repairs and maintenance :		-
Plant and machinery	5.31	4.31
Buildings	2.43	1.18
Others	4.74	4.20
Water and electricity charges	16.46	14.02
Rates and taxes	2.52	2.18
Legal and professional fees	7.01	5.72
Travel and conveyance	5.06	4.77
Sales commission expenses	6.92	0.44
Freight and forwarding charges	26.11	15.72
Transportation charges	12.64	10.54
Remuneration to directors	8.70	8.64
Pump truck expenses	7.36	5.65
Security service charges	6.66	5.53
Sales promotion expenses	1.84	1.78
Donations	1.69	2.45
Advertisement expenses	0.83	0.50
Advances written off	2.17	0.19
Directors' sitting fees	0.11	0.09
Impairment loss on property, plant and equipment	-	0.65
Impairment loss on investment (refer note 4)	-	0.98
Bad debts written off	6.47	-
Loan to others written off	0.50	-
Impairment loss on trade receivables	(0.29)	2.24
CSR expenditure (refer note 23(b))	3.51	2.83
Payments to auditors (refer note 23(a))	0.60	0.54
Miscellaneous expenses (includes printing , communication , postage , office expenses etc)	17.81	10.33
	154.81	**113.27**

NOTE 23(a). DETAILS OF PAYMENTS TO AUDITORS

	March 31, 2018	March 31, 2017
Payment to auditors		
As auditor:		
Audit fee	0.60	0.30
Tax audit fee	-	0.05
In other capacities		
Taxation matters	-	0.11
Certification fees	-	0.04
VAT audit fees	-	0.05
	0.60	**0.55**

Notes to financial statements for the year ended March 31, 2018

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 23(b). CSR EXPENDITURE

	March 31, 2018	March 31, 2017
Gross amount required to be spent by the Company during the year	3.37	2.74
Amount spent in cash during the year ending March 31, 2018		
(i) Construction/acquisition of an asset	-	-
(ii) On purposes other than (i) above	3.51	-
Amount spent in cash during the year ending March 31, 2017		
(i) Construction/acquisition of an asset	-	-
(ii) On purposes other than (i) above	-	2.83

NOTE 24. FINANCE COSTS

	March 31, 2018	March 31, 2017
Interest on borrowings		
To banks	13.84	11.51
To related parties	0.39	2.28
	14.23	**13.79**

NOTE 25. DEPRECIATION AND AMORTIZATION EXPENSE

	March 31, 2018	March 31, 2017
Depreciation of tangible assets (note 3A)	25.89	19.15
Amortization of intangible assets (note 3B)	0.20	0.13
	26.09	**19.28**

NOTE 26 : EARNINGS PER SHARE (EPS)

	March 31, 2018	March 31, 2017
Basic and Diluted EPS		
Profit attributable to the equity holders of the Company for basic and diluted EPS:	134.26	132.12
Weighted average number of equity shares for basic and diluted EPS	9,04,90,055	9,04,90,055
Basic and Diluted EPS attributable to the equity holders of the company (₹)	**14.84**	**14.60**
Nominal value of shares (₹)	**2.00**	**2.00**

Notes to financial statements for the year ended March 31, 2018

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 27. EMPLOYEE BENEFIT OBLIGATIONS

Post-employment obligations

Gratuity and other post-employment benefit plan

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

The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. Every employee who has completed at least 5 years of service gets a gratuity on departure @ 15 days (minimum) of the last drawn salary for each year of service. The fund has the form of a trust and it is governed by the Board of Trustees, which consists of an equal number of employer and employee representatives. The Board of Trustees is responsible for the administration of the plan assets and for the definition of the investment strategy . Under the gratuity plan, Company makes contribution to Solar Industries India Limited employee group gratuity assurance scheme (Post employment benefit plan of the Company) (refer note 30). The scheme is funded with an insurance company in the form of qualifying insurance policy.

The following tables summarized the components of net benefit expense recognized in the statement of profit and loss, other comprehensive income, and the funded status and amount recognized in the balance sheet.

The amounts recognized in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

Expense recognized in statement of Profit and Loss

	March 31, 2018	March 31, 2017
Service cost	0.87	0.35
Net interest cost	(0.05)	(0.06)
Expenses recognized in the statement of Profit and Loss	**0.82**	**0.29**

Other Comprehensive Income

	March 31, 2018	March 31, 2017
Opening amount recognized in OCI outside of statement of profit and loss	-	-
Actuarial gain / (loss) on liabilities	(1.62)	(0.69)
Actuarial gain / (loss) on assets	0.03	(0.02)
Closing of amount recognized in OCI outside of statement of profit and loss	**(1.59)**	**(0.71)**

The amount to be recognized in Balance Sheet

	March 31, 2018	March 31, 2017
Present value of funded obligations	8.12	5.32
Fair value of plan assets	8.03	6.04
Net defined benefit liability / (assets) recognized in balance sheet	**0.09**	**(0.72)**

Change in Present Value of Obligations

	March 31, 2018	March 31, 2017
Opening of defined benefit obligations	5.32	4.19
Service cost	0.87	0.35
Interest Cost	0.36	0.33
Benefit Paid	(0.05)	(0.25)
Actuarial (Gain)/Loss on total liabilities:	1.62	0.69
Closing of defined benefit obligation	**8.12**	**5.31**

Notes to financial statements for the year ended March 31, 2018

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 27. EMPLOYEE BENEFIT OBLIGATIONS (CONTD..)

Change in Fair Value of Plan Assets

	March 31, 2018	March 31, 2017
Opening fair value of plan assets	6.04	4.95
Actual Return on Plan Assets	0.44	0.38
Employer Contribution	1.60	0.96
Benefit Paid	(0.05)	(0.25)
Closing fair value of plan assets	**8.03**	**6.04**

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

	March 31, 2018	March 31, 2017
Investment with Insurer(LIC)	100 %	100 %

The significant actuarial assumptions were as follows :

	March 31, 2018	March 31, 2017
Discount Rate	7.69 % per annum	6.8 % per annum
Rate of increase in Compensation levels	5 % per annum	7.5 % per annum
Rate of Return on Plan Assets	6.80 % per annum	8 % per annum

The estimates of future salary increase considered in actuarial valuation takes into consideration inflation, seniority, promotion and other relevant factors, such as supply and demand in employment market.

The overall expected rate of return on assets is determined based on the interest rate prevailing in the market on that date, applicable to the period over which the obligation is to be settled.

Sensitivity Analysis

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

	March 31, 2018	Impact (Absolute)	Impact (%)
Base Liability	8.12		
Increase Discount Rate by 0.50 %	7.94	(0.18)	-2.22 %
Decrease Discount Rate by 0.50 %	8.31	0.19	2.36 %
Increase Salary Inflation by 1 %	8.49	0.37	4.65 %
Decrease Salary Inflation by 1 %	7.77	(0.35)	-4.28 %
Increase in Withdrawal Assumption by 5 %	8.38	0.26	3.18 %
Decrease in Withdrawal Assumption by 5 %	7.66	(0.46)	-5.65 %

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.

Notes to financial statements for the year ended March 31, 2018

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 28. COMMITMENTS AND CONTINGENCIES

Capital and other Commitments

	March 31, 2018	March 31, 2017
Estimated amount of contracts remaining to be executed on capital account (net of advances)	42.37	2.97

Contingent liabilities

	March 31, 2018	March 31, 2017
Guarantees excluding financial guarantees		
Corporate guarantees given by the Company on behalf of its wholly owned overseas subsidiary in respect of loans taken	277.95	102.13
Financial Guarantee given by the Company	32.15	29.80
Guarantees given by Company's Bankers on behalf of the Company, against sanctioned letter of credit (SBLC's)	33.95	106.99
Claims against the Company not acknowledged as debts *		
Excise related matters	5.22	5.13
Sales tax deferment	-	9.47
Sales tax / VAT related matters	13.22	12.06
Income tax related matter	0.51	2.83

* The Company is contesting the demands and the management, including its tax/legal advisors, believe that its position will likely be upheld in the appellate process. No tax expense has been accrued in the financial statements for the tax demand raised. Cash outflows for the above are determinable only on receipt of judgements pending at various forums/authorities.

NOTE 29. GROUP INFORMATION

	Name	Principal activities	Country	% Equity interest	
				March 31, 2018	March 31, 2017
A	**Indian subsidiaries**				
1	Economic Explosives Limited	Manufacturing of explosives	India	100.00%	100.00%
2	Blastec (India) Private Limited	Manufacturing of explosives	India	100.00%	100.00%
3	Emul Tek Private Limited	Manufacturing of explosives	India	100.00%	100.00%
4	Solar Mines & Minerals Limited	Note 4	India	0.00%	100.00%
5	Solar Mining Resources Limited	Note 4	India	0.00%	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%
	Overseas step down subsidiaries				
1	Solar Mining Services Pty Limited (a)	Manufacturing of explosives	South Africa	74.00%	74.00%
2	Nigachem Nigeria Limited (a)	Manufacturing of explosives	Nigeria	55.00%	55.00%
3	Solar Patlayici Maddeler Sanayi Ve Ticaret Anonim Sirketi (b)	Manufacturing of explosives	Turkey	100.00%	74.50%

Notes to financial statements for the year ended March 31, 2018

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 29. GROUP INFORMATION (CONTD.)

	Name	Principal activities	Country	% Equity interest	
				March 31, 2018	March 31, 2017
4	Solar Explochem Zambia Limited (a)	Manufacturing of explosives	Zambia	65.00 %	65.00 %
5	Solar Overseas Netherlands Cooperative U.A (c)	Investment entity	Netherlands	99.99 %	99.99 %
6	Solar Overseas Singapore Pte Limited (c)	Investment entity	Singapore	100.00 %	100.00 %
7	Solar Industries Africa Limited (c)	Investment entity	Mauritius	100.00 %	100.00 %
8	Solar Mining Services Pty Ltd (formerly known as Australian Explosive Technologies Group Pty Limited) (e)	Trading of explosives	Australia	76.00 %	76.00 %
9	Solar Overseas Netherlands B.V. (a)	Investment entity	Netherlands	100.00 %	100.00 %
10	Solar Nitro chemicals Limited (d)	Note 1	Tanzania	65.00 %	65.00 %
11	P.T. Solar Mining Services (b)	Note 1	Indonesia	100.00 %	100.00 %
12	Solar Mining Services Australia Pty Limited (e)*		Australia	80.00 %	80.00 %
13	Solar Explochem (Ghana) Limited (b)	Note 2	Ghana	80.00 %	80.00 %
14	Solar Industrias Mozambique LDA ©	Note 2	Mozambique	100.00 %	100.00 %
15	PATSAN Patlayici Maddeler Sanayi Ve Ticaret Anonim Sirketi (b)	Note 3	Turkey	53.00 %	53.00 %
16	Solar Nitro Ghana Limited (b)^	Manufacturing of explosives	Ghana	90.00 %	-
17	Solar Madencilik Hizmetleri A.S (b) #	Manufacturing, Trading of Explosives and Blasting Services	Turkey	100.00 %	-
C	**Associates**				
1	Solar Bhatgaon Extension Mines Pvt. Limited	Note 1	India	49.00 %	49.00 %
2	SMS Bhatgaon Mines Extension Pvt. Limited	Note 1	India	49.00 %	49.00 %

Note 1: The entity has not commenced its business operations

Note 2: 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: The entity is under liquidation.

Note 4: The entities have been merged with Economic Explosives Limited with effect from April 1, 2017 pursuant to NCLT order dated March 16, 2018

(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

*Liquidated on December 06, 2017

^ Incorporated on December 22, 2017

Incorporated on January 25, 2018

Notes to financial statements for the year ended March 31, 2018

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 30: RELATED PARTY DISCLOSURES

A Names of related parties and related party relationship :

I Subsidiaries and associates

Note no. 29 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 Satyanarayan Nuwal (Chairman and Executive Director)
Shri Kailashchandra Nuwal (Executive Director)
Shri Manish Nuwal (Managing Director and CEO)
Shri Roomie Dara Vakil (Executive Director)
Shri Anil Kumar Jain (Executive Director)
Shri Nilesh Panpaliya (Chief Financial Officer)
Smt Khushboo Pasari (Company Secretary)

III Non Executive Independent 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 2017-18. 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 Other related party

Solar Industries India Limited employee group gratuity assurance scheme
(Post emplyoment benefit plan of the Company)

Refer to Note 27 for information on transactions with post emplyoment benefit plan mentioned above

Notes to financial statements for the year ended March 31, 2018

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 30: RELATED PARTY DISCLOSURES (CONTD.)

B. Transactions with related parties during the year

Nature of Transaction	March 31, 2018	March 31, 2017
Sales of products and services		
Economic Explosives Limited	76.88	66.50
Blastec (India) Private Limited	1.90	3.25
Nigachem Nigeria Limited	10.63	16.71
Solar Explochem Zambia Limited	9.45	6.93
Solar Patlayici Maddeler Sanayi Ve Ticaret Anonim Sirketi	34.11	28.46
Solar Mining Services (Pty) Ltd, South Africa	17.46	8.37
Solar Mining Services Pty Ltd (formerly known as Australian Explosive Technologies Group Pty Limited)	1.45	-
Total	**151.88**	**130.22**
Other operating income		
Economic Explosives Limited- Licence	0.25	0.21
Nigachem Nigeria Limited (Technical consultancy)	0.70	0.28
Solar Overseas Mauritius Ltd. (Loan fund arrangement charges)	0.37	-
Total	**1.32**	**0.49**
Sale of fixed assets		
Blastec (India) Private Limited	-	0.04
Emul Tek Private Limited	0.16	-
Total	**0.16**	**0.04**
Project Sales		
Solar Mining Services (Pty) Ltd	-	5.36
Total	**-**	**5.36**
Purchase of raw material and components		
Economic Explosives Limited	83.53	71.63
Solar Mining Services (Pty) Ltd	0.58	-
Total	**84.11**	**71.63**
Purchase of License		
Economic Explosives Limited	0.43	0.96
Total	**0.43**	**0.96**
Other Expenditure		
Solar Synthetics Private Limited (Consumables)	0.20	0.15
Solar Synthetics Private Limited (Rent)	0.06	0.05
Total	**0.26**	**0.20**
Loans given/ (repaid) during the year (net)		
Economic Explosives Limited	45.54	(1.44)
Blastec (India) Private Limited	(0.10)	(1.74)
Solar Mines & Minerals Ltd	-	0.08
Solar Overseas Singapore Pte Ltd.	(0.03)	-
Solar Overseas Mauritius Ltd.	22.74	10.87
Emul Tek Private Limited	2.16	(0.22)
Total	**70.31**	**7.55**
Loans taken/ (repaid) during the year (net)		
Commercial Sales Corporation	(21.16)	13.44
Total	**(21.16)**	**13.44**
Interest received		
Economic Explosives Limited	4.33	1.09
Blastec (India) Private Limited	1.20	1.87
Solar Mines & Minerals Ltd	-	0.08
Emul Tek Private Limited	0.06	0.02

Notes to financial statements for the year ended March 31, 2018

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 30: RELATED PARTY DISCLOSURES (CONTD.)

B. Transactions with related parties during the year (contd..)

Nature of Transaction	March 31, 2018	March 31, 2017
Solar Overseas Mauritius Ltd	3.70	2.66
SMS Bhatgaon Mines Extension Private Limited	0.11	0.11
Solar Bhatgoan Extension Mines Private Limited	0.01	0.02
Total	**9.41**	**5.85**
Interest paid		
Commercial Sales Corporation	0.39	2.28
Total	**0.39**	**2.28**
Remuneration to KMP*		
Short-term employee benefits		
Shri S.N. Nuwal	2.70	2.70
Shri K.C. Nuwal	2.70	2.70
Shri Manish Nuwal	2.70	2.70
Shri R D Vakil	0.27	0.26
Shri Anil Kumar Jain	0.33	0.28
Shri Nilesh Panpaliya	0.29	0.27
Mrs. Khushboo Pasari	0.09	0.08
Total	**9.08**	**8.99**
Sitting fees		
Shri Anant Sagar Awasthi	0.02	0.02
Shri Dilip Patel	0.03	0.03
Shri Ajai Nigam	0.02	0.02
Shri Amrendra Verma	0.02	0.01
Smt Madhu Vij	0.02	0.01
Total	**0.11**	**0.09**
Guarantee given on behalf of subsidiary		
Solar Overseas Mauritius Limited	198.51	19.45
Solar Mining Services (Pty) Limited	41.71	-
Solar Patlayici Maddeler	30.96	-
Total	**271.18**	**19.45**

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended March 31, 2018, the Company has recorded an impairment of receivables relating to amounts owed by related parties of ₹4.30 (March 31, 2017: ₹2.80). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

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

Notes to financial statements for the year ended March 31, 2018

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 30: RELATED PARTY DISCLOSURES (CONTD.)

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

Balance at the year	March 31, 2018	March 31, 2017
Loans given		
Economic Explosives Limited	63.66	17.26
Blastec (India) Private Limited	15.13	15.24
Solar Mines & Minerals Ltd	-	0.80
Solar Overseas Singapore Pte Ltd.	-	0.03
Solar Overseas Mauritius Ltd.	55.60	30.79
Emul Tek Private Limited	2.19	-
Total	**136.58**	**64.12**
Loans taken		
Commercial Sales Corporation	-	21.16
Total	-	**21.16**
Trade receivables/Other Receivables		
Nigachem Nigeria Limited	5.00	18.71
Solar Patlayici Maddeler Sanayi Ve Ticaret Anonim Sirketi	26.08	27.66
PATSAN Patlayici Maddeler Sanayi Ve Ticaret Anonim Sirketi	4.30	4.30
Blastec (India) Private Limited	-	0.39
Solar Mining Services (Pty) Limited, South Africa	11.04	13.73
SMS Bhatgaon Mines Extension Private Limited	1.00	0.90
Solar Bhatgoan Extension Mines Private Limited	0.14	0.12
Emul Tek Private Limited	0.29	-
Total	**47.85**	**65.81**
Trade payables/ Other payables		
Economic Explosives Limited	2.74	-
Emul Tek Private Limited	-	0.02
Solar Mining Services (Pty) Limited, South Africa	0.58	
Shri S.N.Nuwal	0.20	-
Shri Manish Nuwal	0.22	-
Shri K.C. Nuwal	0.24	-
Total	**3.98**	**0.02**
Guarantees (including SBLC's) given on behalf of subsidiary		
Solar Overseas Mauritius Limited	205.02	209.12
Solar Mining Services (Pty) Limited	41.71	-
Solar Patlayici Maddeler Sanayi Ve Ticaret Anonim Sirketi	65.17	-
Total	**311.90**	**209.12**

Loans to subsidiaries

Loans to subsidiaries / step-down subsidiaries pertain to funds advanced to the said related parties for regular working capital requirements. The said loans are repayable on demand and carry an interest rate at the rate of 9% per annum.

Notes to financial statements for the year ended March 31, 2018

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 31: SEGMENT INFORMATION

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

In accordance with paragraph 4 of Ind AS 108 "Operating Segments", the Company has presented segment, information only in 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 Company has established the following fair value hierarchy that categorises the values into 3 levels. The inputs to valuation techniques used to measure fair value of financial instruments are:

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

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

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

The following methods and assumptions were used to estimate the fair values:

1. The Company has not disclosed the fair values of financial instruments such as cash and cash equivalents, bank balances,other than cash and cash equivalents, trade receivables, other financial assets (except derivatives) , trade payables and other financial liabilities (except derivatives) because their carrying amounts are a reasonable approximation of fair value. Further, for financial assets, the Company has taken into consideration the allowances for expected credit losses and adjusted the carrying values where applicable.

2. The fair values of the quoted investments/ units of mutual fund schemes are based on market price/ net asset value at the reporting date.

3. The Company holds derivative financial instruments to mitigate the risk of changes in exchange rates on foreign currency exposures and changes in interest rates. 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. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognised at fair value.

4. The fair values for loans given are calculated based on discounted cash flows using 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 2 fair values in the fair value hierarchy.

5. Fair values of the Company's interest-bearing borrowings are determined by using discounted cash flow method using the current borrowing rates. Fair value of such instruments are not materially different from their carrying values, accordingly non-current borrowings are classified as level 2 fair values in the fair value hierarchy. The own non-performance risk as at March 31, 2018 was assessed to be insignificant.

Notes to financial statements for the year ended March 31, 2018

(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, 2018 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	218.25	5	-	218.25	-
Other financial assets (except derivatives)	62.18	6	-	-	-
Trade receivables	150.44	7	-	-	-
Cash and cash equivalents	4.04	8	-	-	-
Bank balances other than cash and cash equivalents	5.91	8	-	-	-
Fair value					
Investment in equity instruments of others (unquoted)	0.11	4	-	0.11	-
Investment in Venture Capital Fund (unquoted)	2.84	4	-	2.84	-
Investment in equity instruments (quoted)	0.15	4	0.15	-	-
Investment in mutual funds (quoted)	7.70	4	7.70	-	-
Derivative Instruments	1.99	6	-	1.99	-
Financial Liabilities					
Amortised cost					
Borrowings					
Non-current	75.22	12	-	75.22	-
Current	21.26	13	-	21.26	-
Trade payables	52.07	15	-	-	-
Other financial liabilities (except derivatives)	80.61	16	-	-	-
Fair Value					
Derivative Instruments	0.48	16	-	0.48	-

There have been no transfers among Level 1, Level 2 and Level 3 during the year.

Notes to financial statements for the year ended March 31, 2018

(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, 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	159.88	5	-	159.88	-
Other financial assets (except derivatives)	56.25	6	-	-	-
Trade receivables	177.81	7	-	-	-
Cash and cash equivalents	8.19	8	-	-	-
Bank balances other than cash and cash equivalents	1.52	8	-	-	-
Fair Value					
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 (quoted)	43.70	4	43.70	-	-
Derivative Instruments	5.62	6	-	5.62	-
Financial Liabilities					
Amortised cost					
Borrowings					
Non-current	80.30	12	-	80.30	-
Current	96.72	13	-	96.72	-
Trade payables	36.99	15	-	-	-
Other financial liabilities (except derivatives)	85.01	16	-	-	-
Fair Value through profit or loss					
Derivative Instruments	4.27	16	-	4.27	-

There have been no transfers among Level 1, Level 2 and Level 3 during the year.

Notes to financial statements for the year ended March 31, 2018

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables, and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations. The Company also holds FVTPL investments and enters into derivative transactions.

It has an integrated financial risk management system which proactively identifies monitors and takes precautionary and mitigation measures in respect of various identified risks.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks, which evaluates and exercises independent control over the entire process of financial risks. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

Risk	Exposure arising from	Measurement	Management
Market Risk- Interest rate risk	Borrowings Term Deposits	Sensitivity Analysis	Interest Rate Swaps
Market Risk-Foreign Exchange	Recognized financial assets and liabilities not denominated in INR	Cash Flow Analysis Sensitivity Analysis	Foreign-exchange options contracts
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 Credit Analysis	Diversification of credit limits and letters of credit and Bank guarantee
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 fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings, deposits, FVTPL investments and derivative financial instruments.

Market risk is attributable to all market risk sensitive financial instruments. The finance department undertakes management of cash resources, hedging strategies for foreign currency exposures, borrowing mechanism and ensuring compliance with market risk limits.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. 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. To manage this, the Company enters into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount.

0.5% changes in LIBOR will increase/ decrease the borrowing cost by ₹0.76 (Pre-tax)

The Company does not have significant investment in Bank Deposits and hence not significantly exposed to Interest rate sensitivity.

Notes to financial statements for the year ended March 31, 2018

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD..)

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities and the Company's net investments in foreign subsidiaries.

When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

The Company hedges its exposure to fluctuations on the translation into INR of its foreign operations by holding net borrowings in foreign currencies and by using foreign currency swaps.

Unhedged foreign currency exposure as at the reporting date:

	March 31, 2018				March 31, 2017	
	USD	EURO	SEK	ZAR	USD	EURO
Trade Receivable	0.95	0.02	-	-	1.15	0.02
Loans	0.85	-	-	-	0.48	-
Borrowings	0.10	-	-	-	0.77	-
Trade Payables *	-	-	0.01	0.11	-	-

* Amount is less than $ 0.01 in March 31, 2017

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

	March 31, 2018	March 31, 2017
USD	1.11	0.56
EURO	0.02	0.01
SEK*	-	-
ZAR	(0.01)	-

* Amount is less than SEK 0.01 in March 31, 2018

Equity price risk

The Company's listed and non-listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of Directors reviews and approves all equity investment decisions.

Following are the details of investments which are subject to price risk:

	March 31, 2018	March 31, 2017
Investment in equity shares (quoted)	0.15	0.56
Investment in mutual funds	7.70	43.70

The impact of increases/ decreases of the BSE/ NSE index on the Company's equity shares and mutual funds and gain/ loss for the year would be ₹0.08 (March 31, 2017: ₹0.44) (Pre-tax). 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.

Notes to financial statements for the year ended March 31, 2018

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD..)

Credit risk

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

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised as income in the statement of profit and loss.

Cash and cash equivalents and deposits: Balances and deposits with banks are subject to low credit risks due to good credit ratings assigned to the banks.

Investments: The Company limits its exposure to credit risk by generally investing in liquid securities and counterparties that have a good credit ratings. The Company 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 subsidiaries and certain unrelated parties. However there is no counter party risk. Except in case of some non-current loans which were under arbitration proceeding wherein the company has received favourable order. Management believes that this amount would be recovered in full however the timing of recovery is uncertain. (refer Note 5 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, 2018	104.19	15.90	46.64	**166.73**
As at March 31, 2017	114.68	18.40	61.31	**194.39**

The following table summarizes the changes in the provisions made for the receivables:

	March 31, 2018	March 31, 2017
Opening balance	16.58	14.33
Provided (reversal) during the year	(0.29)	3.44
Reversals of provisions	-	(1.19)
Closing balance	**16.29**	**16.58**

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, 2018

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD..)

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, 2018						
Borrowings						
From Banks (net of interest accrued but not due)	-	12.53	64.35	75.22	-	152.10
Trade payables	-	52.07	-	-	-	52.07
Other financial liabilities	0.04	5.37	19.15	-	-	24.56
Derivative Instruments	-	-	0.15	0.33	-	0.48
March 31, 2017						
Borrowings						
From related party (net of interest accrued but not due)	18.88	-	-	-	-	18.88
From Banks (net of interest accrued but not due)	0.18	62.44	84.01	80.30	-	226.93
Trade payables	-	36.99	-	-	-	36.99
Other financial liabilities	0.05	3.70	9.37	-	-	13.12
Derivative Instruments	-	0.81	1.02	2.44	-	4.27

NOTE 34. CAPITAL MANAGEMENT

For the purpose of Company's capital management, capital includes issued equity capital, securities premium and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing loans and borrowings, less cash and cash equivalents.

	March 31, 2018	March 31, 2017
Net Debt	86.53	167.31
Equity	759.21	658.64
Capital and net debt	845.74	825.95
Gearing ratio	10.23%	20.26%

Notes to financial statements for the year ended March 31, 2018

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 34. CAPITAL MANAGEMENT (CONTD..)

Calculation of net debt is as follows :

	March 31, 2018	March 31, 2017
Borrowings		
Non-Current	75.22	80.30
Current	21.26	96.72
	96.48	**177.02**
Cash and cash equivalents	4.04	8.19
Bank balances other than cash and cash equivalents	5.91	1.52
	9.95	**9.71**
Net Debt	**86.53**	**167.31**

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current year.

No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2018.

NOTE 35: RESEARCH & DEVELOPMENT EXPENDITURE:

1. Capital Expenditure incurred on R&D is included in Fixed Assets and depreciation is provided on the same at the respective applicable rates.

2. Revenue expenditure incurred on R&D has been included in the respective account heads in the statement of accounts.

	March 31, 2018	March 31, 2017
In the nature of Revenue Expenditure	5.28	2.89
In the nature of Capital Expenditure	0.65	1.43
Total	**5.93**	**4.32**

Notes to financial statements for the year ended March 31, 2018

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 36: DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES AS DEFINED UNDER THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT (MSMED) ACT, 2006:

	March 31, 2018	March 31, 2017
Principal amount outstanding (whether due or not) to micro and small enterprises	3.98	3.75
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	-	-

NOTE 37: PREVIOUS YEAR FIGURES HAVE BEEN RECLASSIFIED, AS CONSIDERED NECESSARY, TO CONFIRM WITH CURRENT YEAR PRESENTATION, WHEREVER APPLICABLE.

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached

For **Akshay Rathi & Associates**
Chartered Accountants
ICAI Firm Registration
Number: 139703W

per **Akshay Rathi**
Proprietor
Membership No.- 161910

Place: Nagpur
Date: May 11, 2018

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

per **Shyamsundar Pachisia**
Partner
Membership No.- 49237

Place: Nagpur
Date: May 11, 2018

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

S.N. Nuwal
Chairman &
Executive Director
DIN: 00713547

Manish Nuwal
Managing Director &
CEO
DIN: 00164388

Khushboo Pasari
Company Secretary
Membership No.- F7347

Nilesh Panpaliya
Chief Financial Officer

Place: Nagpur
Date: May 11, 2018

Consolidated Financial Statements

Independent Auditor's Report

To the Members of Solar Industries India Limited

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of Solar Industries India Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the consolidated Balance Sheet as at March 31, 2018, the consolidated Statement of Profit and Loss including other comprehensive income, the consolidated Cash Flow Statement, the consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standard) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS 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. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's 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 Ind AS 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 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. 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 (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated Ind AS 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, 2018, their consolidated profit/loss (including other comprehensive income), their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

Other Matter

(a) Financial statements and other financial information, in respect of 1 subsidiaries, whose Ind AS financial statements include total assets of ₹503.52 Crores and net assets of ₹332.32 Crores as at March 31, 2018, and total revenues of ₹282.91 Crores and net cash outflows of ₹0.64 Crores for the year ended on that date. These financial statement and other financial information have been audited by one of the joint auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary is based solely on the report(s) of such joint auditor.

(b) We did not audit the financial statements and other financial information, in respect of 9 subsidiaries, whose Ind AS financial statements include total assets of ₹616.69 Crores and net assets of ₹209.76 Crores as at March 31, 2018, and total revenues of ₹640.85 Crores and net cash inflows of ₹23.08 Crores for the year ended on that date. These financial statement and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated Ind AS 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 sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the report(s) of such other auditors.

(c) The consolidated Ind AS financial statements of the Company for the year ended March 31, 2017, included in these consolidated Ind AS financial statements, have been audited by the predecessor auditor who expressed an unmodified opinion on those statements on May 29,2017.

Our opinion above on the consolidated Ind AS 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 and other financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

As required by section 143 (3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

(a) We / the other auditors whose reports we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated Ind AS financial statements;

(b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;

(c) The consolidated Balance Sheet, consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the consolidated Cash Flow Statement and consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;

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

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2018 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies incorporated in India, none of the directors of the Group's companies incorporated in India is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy and the 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 1" to this report;

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries, as noted in the 'Other matter' paragraph:

   i. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group – Refer Note 30 to the consolidated Ind AS financial statements;

   ii. The Group did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2018.

   iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiaries incorporated in India during the year ended March 31, 2018.

For **Akshay Rathi & Associates**
Chartered Accountants
ICAI Firm registration number: 139703W

per **Akshay Rathi**
Proprietor
Membership No.: 161910

Place: Nagpur
Date: May 11, 2018

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

per **Shyamsundar Pachisia**
Partner
Membership No.: 49237

Place: Nagpur
Date: May 11, 2018

Annexure 1 to the Independent Auditor's Report of Even Date on the Consolidated Financial Statements of Solar Industries India Limited

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

In conjunction with our audit of the consolidated financial statements of Solar Industries India Limited as of and for the year ended March 31, 2018, 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, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding 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. 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.

Auditor's Responsibility

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, both, issued by Institute of Chartered Accountants of India, and deemed to be 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.

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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, 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

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

In our opinion, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, 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, 2018, based on the internal control over financial reporting criteria established by the Holding 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.

Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting of the Holding Company, insofar as it relates to these 5 subsidiary companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiary companies incorporated in India.

For **Akshay Rathi & Associates**
Chartered Accountants
ICAI Firm registration
number: 139703W

per **Akshay Rathi**
Proprietor
Membership No.: 161910

Place: Nagpur
Date: May 11,2018

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

per **Shyamsundar Pachisia**
Partner
Membership No.: 49237

Place: Nagpur
Date: May 11,2018

Consolidated Balance Sheet As at March 31, 2018

(All amounts in ₹ Crores, unless otherwise stated)

	Notes	As at March 31, 2018	As at March 31, 2017
ASSETS			
Non-current assets			
Property, plant and equipment	3A	893.67	761.73
Capital work-in-progress	3A	96.84	90.93
Intangible assets	3B	21.47	6.90
Intangible assets under development	3B	10.56	-
Goodwill		8.14	8.14
Financial assets			
Investments	4	3.04	3.50
Loans	5	79.80	76.30
Other financial assets	6	30.51	25.95
Deferred tax assets (net)	9	7.14	5.57
Current tax assets (net)		3.97	2.20
Other non-current assets	11	21.10	14.17
Total non-current assets		**1,176.24**	**995.39**
Current assets			
Inventories	10	232.42	181.07
Financial assets			
Investments	4	14.01	49.75
Trade receivables	7	363.58	319.06
Cash and cash equivalents	8	52.49	25.93
Bank balances other than cash and cash equivalents	8	16.97	13.46
Loans	5	11.70	25.76
Other financial assets	6	53.44	58.50
Other current assets	11	72.66	58.40
Total current assets		**817.27**	**731.93**
Non-current assets classified as held for sale		1.60	-
Total assets		**1,995.11**	**1,727.32**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	12	18.10	18.10
Other equity	12A	1,065.76	910.49
Equity attributable to shareholders		1,083.86	928.59
Non-controlling interest		47.38	40.26
Total equity		**1,131.24**	**968.85**
LIABILITIES			
Non-current liabilities			
Financial Liabilities			
Borrowings	13	163.27	147.96
Other financial liabilities	16B	32.83	-
Deferred tax liabilities (net)	19	101.07	84.01
Other non-current liabilities	17B	0.54	-
Provisions	18	0.18	-
Total Non-current liabilities		**297.89**	**231.97**
Current liabilities			
Financial liabilities			
Borrowings	14	224.58	260.99
Trade payables	15	127.16	89.32
Other financial liabilities	16A	133.06	123.39
Liability for current tax (net)		1.62	1.40
Other current liabilities	17A	75.24	48.65
Provisions	18	4.32	2.75
Total current liabilities		**565.98**	**526.50**
Total liabilities		**863.87**	**758.47**
Total equity and liabilities		**1,995.11**	**1,727.32**
Summary of significant accounting policies	2.3		

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached

For **Akshay Rathi & Associates**
Chartered Accountants
ICAI Firm Registration
Number: 139703W

per **Akshay Rathi**
Proprietor
Membership No.- 161910

Place: Nagpur
Date: May 11, 2018

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

per **Shyamsundar Pachisia**
Partner
Membership No.- 49237

Place: Nagpur
Date: May 11, 2018

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

S.N. Nuwal
Chairman &
Executive Director
DIN: 00713547

Manish Nuwal
Managing Director &
CEO
DIN: 00164388

Khushboo Pasari
Company Secretary
Membership No.- F7347

Nilesh Panpaliya
Chief Financial Officer

Place: Nagpur
Date: May 11, 2018

Consolidated Statement of Profit and Loss for the year ended March 31, 2018

(All amounts in ₹ Crores, unless otherwise stated)

	Notes	Year ended March 31, 2018	Year ended March 31, 2017
Income			
Revenue from operations	20	1,951.47	1,711.28
Other income	21	12.10	13.21
Total income		**1,963.57**	**1,724.49**
Expenses			
Cost of materials consumed	22A	1,060.59	903.25
Purchases of stock-in-trade		40.39	20.44
Changes in inventories of work-in-progress, stock-in-trade and finished goods	22B	(37.40)	(17.18)
Excise duty on sale of goods		35.35	131.29
Employee benefit expense	23	133.48	104.31
Depreciation and amortization expense	26	51.29	38.74
Other expenses	24	307.51	245.28
Finance costs	25	32.72	26.89
Total expenses		**1,623.93**	**1,453.02**
Profit before tax		**339.64**	**271.47**
Tax expense	19		
- Current tax		87.90	70.49
- Deferred tax		18.15	6.25
Total tax expense		**106.05**	**76.74**
Profit for the year		**233.59**	**194.73**
Other comprehensive income			
Items that will not be reclassified to Profit or Loss			
Remeasurements loss on definded benefit plans		(1.77)	(1.69)
Income tax relating to these items		0.61	0.59
		(1.16)	**(1.10)**
Items that may be reclassified to Profit or Loss			
Net movement on Cash Flow Hedges		0.38	-
Income tax relating to these items		(0.13)	-
Exchange difference on translation of foreign operations		8.89	(52.99)
		9.14	**(52.99)**
Total other comprehensive income for the year, net of tax		**7.98**	**(54.09)**
Total comprehensive income for the year		**241.57**	**140.64**
Net profit attributable to			
a) Owners of the company		220.55	186.54
b) Non-controlling interest		13.04	8.19
		233.59	**194.73**
Other comprehensive income attributable to			
a) Owners of the company		7.46	(41.61)
b) Non-controlling Interest		0.52	(12.48)
		7.98	**(54.09)**
Total comprehensive income attributable to			
a) Owners of the company		228.01	144.93
b) Non-controlling Interest		13.56	(4.29)
		241.57	**140.64**
Earnings per equity share			
Basic and Diluted earnings per share	27	25.81	20.49
Summary of significant accounting policies	2.3		

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached

For **Akshay Rathi & Associates**
Chartered Accountants
ICAI Firm Registration
Number: 139703W

per **Akshay Rathi**
Proprietor
Membership No.- 161910

Place: Nagpur
Date: May 11, 2018

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

per **Shyamsundar Pachisia**
Partner
Membership No.- 49237

Place: Nagpur
Date: May 11, 2018

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

S.N. Nuwal
Chairman &
Executive Director
DIN: 00713547

Manish Nuwal
Managing Director &
CEO
DIN: 00164388

Khushboo Pasari
Company Secretary
Membership No.- F7347

Nilesh Panpaliya
Chief Financial Officer

Place: Nagpur
Date: May 11, 2018

Consolidated Statement of Cash Flows for the year ended March 31, 2018

(All amounts in ₹ Crores, unless otherwise stated)

	Year ended March 31, 2018	Year ended March 31, 2017
Cash flow from operating activities		
Profit before tax	339.64	271.47
Adjustments to reconcile profit before tax to net cash flows :		
Depreciation and amortisation expense	51.29	38.74
Finance costs	32.72	26.89
Net gain on financial assets mandatorily measured at fair value through profit or loss	(0.48)	(2.40)
Net gain on disposal of property, plant and equipment	(0.14)	(0.05)
Profit on sale of financial assets carried at fair value through profit or loss	(2.20)	(2.86)
Impairment of property plant & equipment	-	0.65
Bad debts written off	15.77	-
Impairment loss on trade receivable	0.16	7.59
Impairment loss on investment	-	1.29
Loans and advances written off	2.67	0.19
Dividend and interest Income	(3.57)	(6.75)
Fair value changes in derivatives not designated as hedges	(0.78)	0.11
Net foreign exchange differences	8.82	(46.46)
Operating profit before working capital changes	**443.90**	**288.41**
Working capital adjustments :		
(Increase) in trade receivables	(59.96)	(56.64)
(Increase) in inventories	(51.35)	(21.21)
(Increase) in other assets (current and non-current)	(17.03)	(9.89)
Increase/ (decrease) in trade payables	37.86	(18.49)
Increase/ (decrease) in other financial assets (excluding derivatives)	(5.45)	(15.84)
Increase in other liabilities (current and non-current)	27.13	4.81
(Decrease)/ increase in provisions	(0.02)	1.06
Increase/ (decrease) in other financial liabilities (excluding derivatives)	6.00	4.44
Cash generated from operations	**381.08**	**176.65**
Less : Income taxes paid	89.45	59.03
Net cash from operating activities	**291.63**	**117.62**
Cash flow from investing activities		
Purchase of property, plant and equipment, including capital work-in-progress and capital advances	(224.38)	(174.31)
Proceeds from sale of property, plant and equipment	1.68	0.35
Proceeds from sale/ (purchase of) investments	38.88	(9.19)
Non-current loans (given) to others	(9.14)	-

Consolidated Statement of Cash Flows for the year ended March 31, 2018

(All amounts in ₹ Crores, unless otherwise stated)

	Year ended March 31, 2018	Year ended March 31, 2017
Loans (given) to others	(0.23)	-
Loans (given) to/ repaid by others	19.30	8.44
Investment in fixed deposit	(3.51)	(2.19)
Dividend and interest income received	3.07	6.50
Net cash from/(used in) investing activities	**(174.33)**	**(170.40)**
Cash flow from financing activities		
Proceeds from non-current borrowing	129.04	101.23
Repayment of non-current borrowings	(113.75)	(56.16)
(Repayment of)/ proceeds from current borrowings	(36.86)	52.76
Acquisition of non-controlling interest	(6.11)	-
On account of merger	(0.81)	-
On acquisition of subsidiary	(3.82)	-
Interest paid	(27.53)	(19.53)
Dividends paid to company's shareholders	(27.15)	(18.10)
Dividend distribution tax	(5.53)	(3.68)
Dividend paid to non controlling interest	(3.62)	(3.25)
Proceeds from issue of fresh shares to minority	5.40	-
Net cash from/ (used in) financing activities	**(90.74)**	**53.27**
Net increase/ (decrease) in cash and cash equivalents	**26.56**	**0.49**
Add:- Cash and cash equivalents at the beginning of the year	25.93	25.44
Cash and cash equivalents at the end of the year (refer note 8)	**52.49**	**25.93**

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached

For **Akshay Rathi & Associates**
Chartered Accountants
ICAI Firm Registration
Number: 139703W

per **Akshay Rathi**
Proprietor
Membership No.- 161910

Place: Nagpur
Date: May 11, 2018

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

per **Shyamsundar Pachisia**
Partner
Membership No.- 49237

Place: Nagpur
Date: May 11, 2018

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

S.N. Nuwal
Chairman &
Executive Director
DIN: 00713547

Manish Nuwal
Managing Director &
CEO
DIN: 00164388

Khushboo Pasari
Company Secretary
Membership No.- F7347

Nilesh Panpaliya
Chief Financial Officer

Place: Nagpur
Date: May 11, 2018

Consolidated Statement of Changes in Equity for the year ended March 31, 2018

(All amounts in ₹ Crores, unless otherwise stated)

EQUITY SHARE CAPITAL

	No of Shares	Amount
At April 1, 2016 (Equity Shares of ₹10 each issued, subscribed and fully paid)	**1,80,98,011**	**18.10**
Add:- Share split during the year	7,23,92,044	-
At March 31, 2017 (Equity Shares of ₹2 each issued, subscribed and fully paid)	**9,04,90,055**	**18.10**
At April 1, 2017 (Equity Shares of ₹2 each issued, subscribed and fully paid)	9,04,90,055	18.10
At March 31, 2018 (Equity Shares of ₹2 each issued, subscribed and fully paid)	**9,04,90,055**	**18.10**

OTHER EQUITY

	Reserves and surplus						Cash flow hedge reserve (Note 12A)	Total	Non-controlling interest	Total
	Securities premium reserve (Note 12A)	Retained earnings (Note 12A)	Capital reserve (Note 12A)	General reserve (Note 12A)	Foreign currency translation reserve (Note 12A)	Total				
Balance at April 1, 2016	**149.13**	**283.04**	**16.39**	**357.53**	**(18.74)**	**787.35**	**-**	**787.35**	**47.80**	**835.15**
Total profit for the year	-	186.54	-	-	-	186.54	-	186.54	8.19	194.73
Other comprehensive income										
Remeasurement loss on defined benefit plans	-	(1.11)	-	-	-	(1.11)	-	(1.11)	-	(1.11)
Transfer from retained earnings	-	-	-	76.91	-	76.91	-	76.91	-	76.91
Transfer to General reserve	-	(76.91)	-	-	-	(76.91)	-	(76.91)	-	(76.91)
Exchange differences on translation of foreign operations	-	-	-	-	(40.51)	(40.51)	-	(40.51)	(12.48)	(52.99)
Transactions with owners :										
Interim Dividends of FY 2016-17	-	(18.10)	-	-	-	(18.10)	-	(18.10)	(3.25)	(21.35)
Tax on Interim Dividend of FY 2016-17	-	(3.68)	-	-	-	(3.68)	-	(3.68)	-	(3.68)
Balance at March 31, 2017	**149.13**	**369.78**	**16.39**	**434.44**	**(59.25)**	**910.49**	**-**	**910.49**	**40.26**	**950.75**
Balance at April 1, 2017	**149.13**	**369.78**	**16.39**	**434.44**	**(59.25)**	**910.49**	**-**	**910.49**	**40.26**	**950.75**
Total profit for the year	-	220.55	-	-	-	220.55	-	220.55	13.04	233.59
On account of merger (refer note 28)	-	(0.96)	0.15	-	-	(0.81)	-	(0.81)	-	(0.81)
Transfer from retained earnings	-	-	-	45.66	-	45.66	-	45.66	-	45.66
Other comprehensive income										
Remeasurement loss on defined benefit plans	-	(1.16)	-	-	-	(1.16)	-	(1.16)	-	(1.16)

Consolidated Statement of Changes in Equity for the year ended March 31, 2018

(All amounts in ₹ Crores, unless otherwise stated)

OTHER EQUITY (CONTD...)

	Reserves and surplus						Cash flow hedge reserve (Note 12A)	Total	Non-controlling interest	Total
	Securities premium reserve (Note 12A)	Retained earnings (Note 12A)	Capital reserve (Note 12A)	General reserve (Note 12A)	Foreign currency translation reserve (Note 12A)	Total				
Net movement in Cash Flow Hedges	-	-	-	-	-	-	0.25	0.25	-	0.25
Transfer to General reserve	-	(45.66)	-	-	-	(45.66)	-	(45.66)	-	(45.66)
Due to Turkey acquisition	-	(39.25)	-	-	-	(39.25)	-	(39.25)	-	(39.25)
Exchange differences on translation of foreign operations	-	-	-	-	8.37	8.37	-	8.37	0.52	8.89
Transactions with owners										
Final Dividend of FY 2016-17	-	(27.15)	-	-	-	(27.15)	-	(27.15)	(3.62)	(30.77)
Tax on Final Dividend of FY 2016-17	-	(5.53)	-	-	-	(5.53)	-	(5.53)	-	(5.53)
Non Controlling interest acquired during the year	-	-	-	-	-	-	-	-	(8.22)	(8.22)
Non Controlling interest arising on set-up of new subsidiary and issue of fresh shares by existing subsidiary	-	-	-	-	-	-	-	-	5.40	5.40
Balance at March 31, 2018	**149.13**	**470.62**	**16.54**	**480.10**	**(50.88)**	**1,065.51**	**0.25**	**1,065.76**	**47.38**	**1,113.14**

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached

For **Akshay Rathi & Associates**
Chartered Accountants
ICAI Firm Registration
Number: 139703W

per **Akshay Rathi**
Proprietor
Membership No.- 161910

Place: Nagpur
Date: May 11, 2018

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

per **Shyamsundar Pachisia**
Partner
Membership No.- 49237

Place: Nagpur
Date: May 11, 2018

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

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Chairman &
Executive Director
DIN: 00713547

Manish Nuwal
Managing Director &
CEO
DIN: 00164388

Khushboo Pasari
Company Secretary
Membership No.- F7347

Nilesh Panpaliya
Chief Financial Officer

Place: Nagpur
Date: May 11, 2018

Notes to Consolidated financial statements for the year ended March 31, 2018

NOTE 1: CORPORATE INFORMATION

Solar Industries India Limited (the 'Company') is a Company domiciled in India, with its registered office situated in 11, Zade Layout, Bharat Nagar, Nagpur-440033 (Maharashtra). 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 consolidated 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.

These consolidated financial statements have been prepared in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Companies Act, 2013 ("the Act") read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other relevant provisions of the Act.

Current and non-current classification

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

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

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

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 March 2018. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

  The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Notes to Consolidated financial statements for the year ended March 31, 2018

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on 31 March. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

Consolidation procedure:

(a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

(b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

(c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interest, even if this results in the non-controlling interest having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

2.3 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.

Notes to Consolidated financial statements for the year ended March 31, 2018

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 recognized in the statement of profit and loss when the asset is disposed.

Capital work in progress is stated at cost, net of accumulated impairment loss, if any. Plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

c. Intangible assets

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

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

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 recognized in the statement of profit and loss when the asset is disposed.

Research and development

Expenditures on research activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding are recognized in the statement of profit and loss when incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditures are capitalized only if development costs can be measured reliably; the product or process is technically and commercially feasible; future economic benefits are probable; and the Company intends to and has sufficient resources to complete development and to use or sell the asset.

Expenditure on research and development eligible for capitalization are carried as Intangible assets under development where such assets are not yet ready for their intended use.

The expenditures to be capitalized include the cost of materials and other costs directly attributable to preparing the asset for its intended use. Other development expenditures are recognized as expense in the statement of profit and loss as incurred.

The estimated useful life for Product related intangibles is 4 years once the development is complete.

Intangible assets relating to products in development are subject to impairment testing at each reporting date. All other intangible assets are tested for impairment when there are indications that the carrying value may not be recoverable. All impairment losses are recognized immediately in the statement of profit and loss.

The amortization period and the amortization method for intangible assets with a finite useful life are reviewed at each reporting date.

Notes to Consolidated financial statements for the year ended March 31, 2018

d. Depreciation and amortization

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

Assets	Group's estimate of useful life (years)	Useful life as prescribed under schedule II (years)
Property, Plant and Equipment		
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
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 equipment and Computers	3 to 6	3 to 6
Leasehold land	Over lease period	Over lease period
Intangible Assets		
Software and Licenses	6	6
Other (Transfer of Technology)	10	10

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

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

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

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

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

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

Notes to Consolidated financial statements for the year ended March 31, 2018

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

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. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

g. Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

- Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.
- Liabilities or equity instruments related to share based payment arrangements of the acquiree or share – based payments arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 Share-based Payments at the acquisition date.
- Assets (or disposal groups) that are classified as held for sale in accordance with Ind AS 105 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.
- Reacquired rights are measured at a value determined on the basis of the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or OCI, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 Financial Instruments, is measured at fair value with changes in fair value recognised in profit or loss. If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequently its settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and

Notes to Consolidated financial statements for the year ended March 31, 2018

reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

h. 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.

Where the Group is a lessee

Leases that transfer substantially all the risks and rewards incidental to ownership to the Group are classified as finance leases. Finance leases are capitalized 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 recognized as an expense in the statement of profit and loss as per the terms of the lease agreements.

A leased asset is depreciated / amortised over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

i. Financial instruments: -

i) Investments and other financial assets

Classification

The Group 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 amortized cost

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

Notes to Consolidated financial statements for the year ended March 31, 2018

Measurement

At initial recognition, the Group 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 Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instruments into following categories:

1. Amortized 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 amortized 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 amortized 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 Group measures its equity investment other than in subsidiaries and associates at fair value through profit and loss. However, where the Group'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.

C. De-recognition

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

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

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

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

ii) Financial liabilities

Classification

The Group classifies its financial liabilities in the following measurement categories:

- those to be measured subsequently at fair value through the Statement of Profit and Loss, and
- those measured at amortised cost

Measurement

A. Financial liabilities at amortised cost

Financial liabilities at amortised cost represented by borrowings, trade and other payables are initially recognized at fair value, and subsequently carried at amortized cost.

B. Financial liabilities at fair value through profit and loss:

Financial liabilities at fair value through profit and loss are measured at fair value with all changes recognized in the statement of profit and loss.

C. Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument.

Notes to Consolidated financial statements for the year ended March 31, 2018

Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

iii) Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments, such as forward currency contracts, foreign currency option contracts and interest rate swaps, to hedge its foreign currency risks and interest rate risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

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

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

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

iv) Impairment of financial assets

The Group applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on financial assets. The Group 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 Group follows 'simplified approach' for recognition of impairment loss allowance. The application of simplified approach does not require the Group 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 Group uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L.

j. 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

Notes to Consolidated financial statements for the year ended March 31, 2018

goods are sold or not. Since the recovery of excise duty flows to the Group on its own account, revenue includes excise duty only.

However, sales tax /value added tax (VAT) / Goods and service tax (GST) is not recieved by group on its own account, rather, it is tax callected as value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

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) Sale of projects

Revenue from the sale of projects is recognised when the significant risks and rewards of ownership of the project have passed to the buyer which generally will be at the time of sale. Revenue from sale of projects is measured at the fair value of the consideration received or receivable.

iii) Interest Income

Interest income is recognized 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.

iv) 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.

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 considered as revenue grant and the same has been recognized 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 favorable 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 currencies

The Group's consolidated financial statements are presented in INR, which is also the parent company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the group uses an average rate if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of the following:

- Exchange differences arising on monetary items that forms part of a reporting entity's net investment in a foreign operation are recognised in profit or loss in the separate financial statements of the reporting entity or the individual financial statements of the foreign operation, as appropriate. In the financial statements that include the foreign operation and the reporting entity (e.g., consolidated financial statements when the foreign operation is a subsidiary), such exchange differences are recognised initially in OCI. These exchange differences are reclassified from equity to profit or loss on disposal of the net investment.

- Exchange differences arising on monetary items that are designated as part of the hedge of the Group's net

Notes to Consolidated financial statements for the year ended March 31, 2018

investment of a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss.

- Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into INR at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. For practical reasons, the group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising in the acquisition/ business combination of a foreign operation on or after April 1, 2015 and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

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 Group 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 Group has no obligation, other than the contribution payable to the provident fund.

(ii) Gratuity

Gratuity is a defined benefit obligation plan operated by the Holding Company and 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 recognized 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 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. Overseas subsidiaries do not operate any defined benefit plans for employees.

Notes to Consolidated financial statements for the year ended March 31, 2018

(iii) Leave encashment

Accumulated leave, which is expected to be utilized 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 and its Indian subsidiaries 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 recognized 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.

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 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 recognized directly in equity is recognized 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 recognized for all taxable temporary differences, except deferred tax liability arising from initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, affects neither accounting nor taxable profit/ loss at the time of transaction. Deferred tax assets are recognized for all deductible temporary differences, 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 recognized only to the extent that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available against which such deferred tax assets can be realized.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the same taxable entity and the same taxation authority.

Deferred tax relating to items recognized outside the statement of profit and loss is recognized in co-relation to the underlying transaction either in other comprehensive income or directly in equity.

Minimum alternate tax (MAT) credit is recognized 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.

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 Group.

(ii) Segment accounting policies

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

q. Earnings per share (EPS)

Basic earnings per share are calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding

Notes to Consolidated financial statements for the year ended March 31, 2018

during the year. The weighted average number of equity shares outstanding during the reporting period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares), if any occurred during the reporting period, that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit for the year attributable to the equity shareholders and the weighted average number of equity shares outstanding during the year, are adjusted for the effects of all dilutive potential equity shares.

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.

r. Provisions

A provision is recognized 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.

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 Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized 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 Group's cash management.

u. Fair value measurement

The Group measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

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

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

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

Notes to Consolidated financial statements for the year ended March 31, 2018

v. Non-current assets held for sale

The Group classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decisions to sell will be withdrawn. Management must be committed to the sale expected within one year from the date of classification.

For these purposes, sale transactions include exchanges of non-current assets for other non-current assets when the exchange has commercial substance. The criteria for held for sale classification is regarded met only when the assets is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets, its sale is highly probable; and it will genuinely be sold, not abandoned. The Group treats sale of the asset to be highly probable when:

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

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

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

w. Significant accounting estimates and assumptions

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

Estimates and assumptions

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

Useful Lives of Property, Plant & Equipment

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

Impairment of non-financial assets

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

Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Defined benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination

Notes to Consolidated financial statements for the year ended March 31, 2018

of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

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

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

Fair value measurement of financial instruments

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

x. Recent accounting pronouncements

Standards issued but not effective

Ind AS 115 Revenue from Contracts with Customers

Ind AS 115 was notified on 28 March 2018 and establishes a five-step model to account for revenue arising from contracts with customers. Under Ind AS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under Ind AS. This new standard requires revenue to be recognized when promised goods or services are transferred to customers in amounts that reflect the consideration to which the Company expects to be entitled in exchange for those goods or services. Ind AS 115 is effective for the Company in the first quarter of financial year 2018-19 using either one of two methods: (i) retrospectively to each prior reporting period presented in accordance with Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors, with the option to elect certain practical expedients as defined within Ind AS 115 (the full retrospective method); or (ii) retrospectively with the cumulative effect of initially applying Ind AS 115 recognized at the date of initial application (1 April 2018) and providing certain additional disclosures as defined in Ind AS 115 (the modified retrospective method).

The Company continues to evaluate the available transition methods and its contractual arrangements. The ultimate impact on revenue resulting from the application of Ind AS 115 will be subject to assessments that are dependent on many variables, including, but not limited to, the terms of the contractual arrangements and the mix of business. The Company's considerations also include, but are not limited to, the comparability of its financial statements and the comparability within its industry from application of the new standard to its contractual arrangements. The Company continues to evaluate the changes to accounting system and processes, and additional disclosure requirements that may be necessary. A reliable estimate of the quantitative impact of Ind AS 115 on the financial statements will only be possible once the implementation project has been completed. This standard will come into force from accounting period commencing on or after 1 April 2018, hence do not impact the consolidated financial statements for the year ended March 31, 2018

Amendments to Ind AS 112 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in Ind AS 112

The amendments clarify that the disclosure requirements in Ind AS 112, other than those in paragraphs B10–B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal Company that is classified) as held for sale.

The amendment are effective retrospectively for annual periods beginning on or after 1 April 2018, the Group will assess and apply the amendment effective for annual periods beginning on or after 1 April 2018, as applicable.

Amendments to Ind AS 12 Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Notes to Consolidated financial statements for the year ended March 31, 2018

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

These amendments are effective for annual periods beginning on or after 1 April 2018, the Group will assess and apply the amendment effective for annual periods beginning on or after 1 April 2018, as applicable.

Transfers of Investment Property — Amendments to Ind AS 40

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

Entities should apply the amendments prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. An entity should reassess the classification of property held at that date and, if applicable, reclassify property to reflect the conditions that exist at that date. Retrospective application in accordance with Ind AS 8 is only permitted if it is possible without the use of hindsight.

The amendments are effective for annual periods beginning on or after 1 April 2018, the Group will assess and apply the amendment effective for annual periods beginning on or after 1 April 2018, as applicable.

Ind AS 28 Investments in Associates and Joint Ventures – Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice

The amendments clarify that:

An entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss.

If an entity, that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which: (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent.

The amendments should be applied retrospectively and are effective from 1 April 2018. These amendments are not applicable to the Group.

Appendix B to Ind AS 21 Foreign Currency Transactions and Advance Consideration

The Appendix clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the transaction date for each payment or receipt of advance consideration.

Entities may apply the Appendix requirements on a fully retrospective basis. Alternatively, an entity may apply these requirements prospectively to all assets, expenses and income in its scope that are initially recognised on or after:

(i) The beginning of the reporting period in which the entity first applies the Appendix, or

(ii) The beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the Appendix.

The Appendix is effective for annual periods beginning on or after 1 April 2018, the Group will assess and apply the amendment effective for annual periods beginning on or after 1 April 2018, as applicable.

Notes to Consolidated financial statements for the year ended March 31, 2018

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 3A. PROPERTY, PLANT AND EQUIPMENT

Particulars	Freehold Land	Leasehold Land*	Buildings	Furniture and Fixtures	Plant and Machinery	Vehicles	Office Equipment and Computers	Total	Capital Work-in-progress
Year ended March 31, 2017									
Gross carrying amount as at April 1, 2016 [1]	90.01	0.25	286.66	5.93	326.38	15.10	4.47	728.80	30.45
Exchange differences	(1.39)	-	(7.57)	(0.65)	(13.90)	(0.81)	(0.03)	(24.35)	-
Additions	13.52	0.60	42.06	1.51	55.03	11.01	2.18	125.91	60.72
Disposals	-	-	-	-	(0.18)	(0.76)	(0.01)	(0.95)	-
Impairment	-	-	-	-	(5.07)	-	-	(5.07)	-
Transfer	(0.63)	-	0.63	-	-	-	-	-	(0.24)
Closing gross carrying amount as at March 31, 2017	**101.51**	**0.85**	**321.78**	**6.79**	**362.26**	**24.54**	**6.61**	**824.34**	**90.93**
Accumulated depreciation									
Opening accumulated depreciation as at April 1, 2016 [1]	-	-	7.45	1.12	19.75	2.53	1.12	31.97	-
Depreciation charge for the year	-	-	10.77	1.17	22.00	3.45	1.12	38.51	-
Disposals	-	-	-	-	(0.12)	(0.52)	(0.01)	(0.65)	-
Impairment	-	-	-	-	(4.42)	(0.01)	-	(4.43)	-
Exchange differences	-	-	(0.95)	(0.21)	(1.31)	(0.30)	(0.02)	(2.79)	-
Closing accumulated depreciation as at March 31, 2017	**-**	**-**	**17.27**	**2.08**	**35.90**	**5.15**	**2.21**	**62.61**	**-**
Net carrying amount March 31, 2017	**101.51**	**0.85**	**304.51**	**4.71**	**326.36**	**19.39**	**4.40**	**761.73**	**90.93**
Year ended March 31, 2018									
Gross carrying amount as at April 1, 2017									
Opening gross carrying amount	101.51	0.85	321.78	6.79	362.26	24.54	6.61	824.34	90.93
Exchange differences	0.39	-	(0.14)	0.69	(1.85)	0.95	(0.64)	(0.60)	-
Additions	5.75	-	127.34	2.69	30.38	17.50	1.92	185.58	5.91
Other adjustments	(1.60)	-	-	-	-	-	-	(1.60)	-
Disposals	-	-	(0.49)	-	(1.18)	(0.37)	(0.20)	(2.24)	-
Transfer	-	-	-	-	0.45	-	-	0.45	-
Closing gross carrying amount as at March 31, 2018	**106.05**	**0.85**	**448.49**	**10.17**	**390.06**	**42.62**	**7.69**	**1005.93**	**96.84**
Accumulated depreciation									
Opening accumulated depreciation as at April 1, 2017	-	-	17.27	2.08	35.90	5.15	2.21	62.61	-
Depreciation charge for the year	-	0.07	15.40	1.30	28.56	4.27	1.19	50.79	-
Disposals	-	-	(0.05)	-	(0.13)	(0.33)	(0.19)	(0.70)	-
Exchange differences	-	-	(0.09)	(0.07)	(0.23)	(0.05)	-	(0.44)	-
Closing accumulated depreciation as at March 31, 2018	**-**	**0.07**	**32.53**	**3.31**	**64.10**	**9.04**	**3.21**	**112.26**	**-**
Net carrying amount March 31, 2018	106.05	0.78	415.96	6.86	325.96	33.58	4.48	893.67	96.84

1 Gross carrying amount and accumulated depreciation have been regrouped and netted in line with IND AS requirement, with effect from April 1, 2015 i.e., date of transition to IND AS for the Group.

* Leasehold Land is amortised over useful life for the period of 99 years (Amounting to ₹0.12), 95 years (Amounting to ₹0.08), 89 years (Amounting to ₹0.48) & 68 years (Amounting to ₹0.17)as per agreement.

The above tangible movable and immovable fixed assets are subject to first pari passu charge on the non current loans from banks and second Pari Passu charge on the working capital loans both present and future.

Notes to Consolidated financial statements for the year ended March 31, 2018

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 3B. INTANGIBLE ASSETS

	Software & licenses	Others [2]	Total	Intangible asset under development
Year ended March 31, 2017				
Gross carrying amount as at April 1, 2016 [1]				
Opening gross carrying amount	0.64	-	0.64	-
Addition	0.01	6.64	6.65	-
Closing gross carrying amount as at March 31, 2017	**0.65**	**6.64**	**7.29**	**-**
Accumulated amortisation				
Opening amortisation of intangible assets as at April 1, 2016 [1]	0.16	-	0.16	-
Amortisation for the year	0.13	0.10	0.23	-
Closing accumulated amortization as at March 31, 2017	**0.29**	**0.10**	**0.39**	**-**
Net carrying amount March 31, 2017	**0.36**	**6.54**	**6.90**	**-**
Year ended March 31, 2018				
Gross carrying amount as at April 1, 2017				
Opening gross carrying amount	0.65	6.64	7.29	-
Addition	0.01	16.42	16.43	10.56
Closing gross carrying amount as at March 31, 2018	**0.66**	**23.06**	**23.72**	**10.56**
Accumulated amortisation				
Opening amortisation of intangible assets as at April1, 2017	0.28	0.10	0.38	-
Amortisation for the year	0.18	1.69	1.87	-
Closing accumulated amortization as at March 31, 2018	**0.46**	**1.79**	**2.25**	**-**
Net carrying amount March 31, 2018	**0.20**	**21.27**	**21.47**	**10.56**

[1]Gross carrying amount and accumulated depreciation have been regrouped and netted in line with IND AS requirement, with effect from April 1, 2015 i.e., date of transition to IND AS for the Group.

[2]Others represents Transfer of Technology (TOT) by Defence Research and Development Organisation (DRDO) to the group for manufacturing of products for India Armed Forces for limited period of 10 years.

Notes to Consolidated financial statements for the year ended March 31, 2018

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 4: INVESTMENTS

Non-current investments

	Face value	Number of Shares/Units	March 31, 2018	March 31, 2017
Unquoted				
Investment carried at Cost				
Investment in Equity instruments in :				
Wholly owned subsidiaries (fully paid up)				
Solar Mining Services Australia Pty Ltd	USD 1	80	-	0.26
Solar Explochem Ghana Ltd.	GHC 1	15,200	-	0.05
Provision for impairment			-	(0.31)
Investment carried at Cost				
Investment in Equity instruments of Associates :				
Equity shares - 490000 Nos. @ of ₹10 each held in SMS Bhatgaon Mines Extension Pvt Ltd	₹10	4,90,000	0.49	0.49
Equity shares - 490000 Nos. @ of ₹10 each held in Solar Bhatgaon Extension Mines Pvt Ltd	₹10	4,90,000	0.49	0.49
Provision for impairment			(0.98)	(0.98)
			-	-
Investment carried at Fair Value through Profit or Loss				
Investment in Equity instruments of Others				
Ganga Care Hospital Limited	₹10	1,10,000	0.11	0.11
			0.11	0.11
Investment in Venture Capital Fund (Unquoted)				
Kotak India Growth Fund II	₹100,000	500	2.84	3.31
Investment in Mutual Fund (Quoted)				
ICICI Prudential Liquid Direct Plan	₹10	3,377	0.09	0.08
			2.93	**3.39**
Aggregate amount of investments			3.04	**3.50**

Notes to Consolidated financial statements for the year ended March 31, 2018

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 4: INVESTMENTS (CONTD...)

Current investments

	Face value	Number of Shares/Units	March 31, 2018	March 31, 2017
Quoted				
Investment in equity instruments of (fully paid-up) :				
Reliance Industrial Infrastructure Limited	₹10	-	-	0.05
IDFC Limited	₹10	10,900	0.05	0.06
IDFC Bank Limited	₹10	-	-	0.06
Mukand Limited	₹10	-	-	0.26
Sunil Hitech Engineers Limited	₹1	1,16,000	0.10	0.13
Quoted				
Investment in Mutual Funds (fully paid-up) :				
HDFC Prudence Fund-Direct Plan-Growth Option	₹10	1,06,466	5.39	5.02
Reliance Regular Saving Fund-Balanced Plan-Direct Growth Option	₹10	-	-	6.60
Reliance Regular Saving Fund-Debt Plan-Direct Growth Plan	₹10	-	-	6.21
ICICI Prudential Liquid - Direct Plan - Growth	₹10	-	-	3.00
Birla Sun Life Balanced '95 Fund-Growth Direct Plan	₹10	7,356	0.57	2.13
Birla Sun Life Balanced '95 Fund-Growth Regular Plan	₹10	-	-	2.31
Birla Sun Life Cash Manager-Growth Direct Plan	₹10	-	-	5.01
SBI Magnum Balanced Fund-Regular Growth	₹10	91,992	1.19	2.20
SBI Magnum Balanced Fund-Direct Growth	₹10	-	-	2.10
Kotak Balance Direct Plan Growth	₹10	6,96,211	1.77	2.12
Kotak Liquid Direct Plan Growth	₹1000	658	0.23	2.00
Franklin India Balanced Fund - Direct - Growth	₹10	1,90,982	2.27	5.00
Kotak Balance Direct Plan Growth	₹10	-	-	1.12
Franklin India Treasury Management Account-Super Institutional Plan-Direct-Growth	₹1000	9,401	2.44	4.18
Kotak Liquid Direct Plan Growth	₹10	-	-	0.19
Aggregate amount of quoted investments and market value thereof (refer note 33)			14.01	49.75

Notes to Consolidated financial statements for the year ended March 31, 2018

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 5: LOANS

	March 31, 2018		March 31, 2017	
	Current	Non-Current	Current	Non-Current
Unsecured, considered good				
Loans to employees	0.22	-	0.25	-
Loan to others	11.48	65.42	25.51	60.43
Secured considered good				
Loan to others	-	14.38	-	15.87
Total loans	**11.70**	**79.80**	**25.76**	**76.30**

Notes:

1. 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.
2. Non current unsecured loans to other of ₹56.05 outstanding for more than 12 months and as approved by board, no interest is charged on the same. The Group has filed a litigation against the counterparty for recovery of the said amount. Subsequent to the balance sheet date, the Group has received the award of the arbitration in its favour. Accordingly, the management believes that this amount would be recovered in full, however, since the counterparty carries the right to appeal against the outcome of the arbitration with higher authorities, the timing of such recovery is uncertain and hence the same is continued to be classified as non-current.
3. No Loans receivable are due from directors or other officers of the Group either severally or jointly with any other person, nor any Loans receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.
4. Loans to others includes funds advanced to unrelated third parties wherein the said loans are either repayable on demand or as per the repayment schedule agreed within the contractual terms with such third party. The said loans carry an interest rate @ 12% per annum.

NOTE 6: OTHER FINANCIAL ASSETS

	March 31, 2018		March 31, 2017	
	Current	Non-Current	Current	Non-Current
Derivative Instruments at fair value through profit or loss				
Foreign-exchange forward contracts	4.12	-	9.87	-
Interest rate swaps	0.53	-	1.23	-
	4.65	**-**	**11.10**	**-**
Others				
Sales tax Receivable	46.21	27.95	45.95	22.61
Other receivables from associates (refer note - 31)	1.14	-	1.02	-
Claims receivable	0.01	-	0.16	-
Security deposits	0.93	2.56	0.02	3.34
Interest accrued but not due on fixed deposit	0.50	-	0.25	-
	48.79	**30.51**	**47.40**	**25.95**
	53.44	**30.51**	**58.50**	**25.95**

Notes:

1. 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, 2018

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 7: TRADE RECEIVABLES

	March 31, 2018	March 31, 2017
Trade receivables	395.21	353.51
Less: Allowance for doubtful debts	(31.63)	(34.45)
	363.58	**319.06**

Break-up of security details

	March 31, 2018	March 31, 2017
Secured, considered good	8.19	7.51
Unsecured considered good	355.39	311.55
Doubtful	31.63	34.45
	395.21	**353.51**
Allowance for doubtful debts	(31.63)	(34.45)
	363.58	**319.06**

No trade or other receivable are due from directors or other officers of the Group either severally or jointly with any other person, nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

NOTE 8. CASH AND CASH EQUIVALENTS

	March 31, 2018	March 31, 2017
Cash and cash equivalents		
Balances with banks		
In current accounts	50.70	17.78
Cheque in hand	0.83	7.15
Cash on hand	0.96	1.00
	52.49	**25.93**
Bank balances other than cash and cash equivalents		
Balances with Banks with original maturity of more than three months but less than 12 months	4.31	4.05
Balances with Bank held as margin money or security against guarantee or other commitments	12.62	9.34
Earmarked balances (on unclaimed dividend accounts)	0.04	0.07
	16.97	**13.46**

Changes in liabilities arising from financing activities

	March 31, 2017	Cash flows	Foreign exchange management	Changes in fair value	March 31, 2018
Current borrowings	260.99	(36.86)	0.45	-	224.58
Non-current borrowings	147.96	15.29	0.02	-	163.27
Total liabilities from financing activities	**408.95**	**(21.57)**	**0.47**	**0**	**387.85**

Notes to Consolidated financial statements for the year ended March 31, 2018

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 9: DEFERRED TAX ASSETS

The balance comprises temporary differences attributable to:

	March 31, 2018	March 31, 2017
Other items	3.47	-
Allowance for doubtful debts - trade receivables	1.76	1.45
Others	0.07	5.69
MAT Credit	0.44	-
Property, plant and equipment and investment property	(0.17)	(1.57)
Tax Losses	1.57	-
	7.14	**5.57**

Reconciliation of deferred tax assets:

	March 31, 2018	March 31, 2017
Opening balance as of April 1	5.57	1.28
Tax income/(expense) during the period recognised in profit or loss	1.50	4.29
Tax income/(expense) during the period recognised in other comprehensive income	0.07	-
Closing balance as at March 31	**7.14**	**5.57**

NOTE 10. INVENTORIES

	March 31, 2018	March 31, 2017
Raw materials and packing materials (Includes stock in transit of ₹8.65 (March 31, 2017 : Nil)	144.40	120.95
Work-in-progress	27.72	12.70
Finished goods	27.31	29.65
Stock-in-trade (Includes stock in transit of ₹17.23 (March 31, 2017 : ₹5.04)	17.23	5.04
Stores and spares	14.15	11.84
Project inventory held for sale	1.61	0.89
	232.42	**181.07**

NOTE 11: OTHER ASSETS

	March 31, 2018		March 31, 2017	
	Current	Non-Current	Current	Non-Current
Capital advances	-	19.28	-	10.91
Advances other than capital advances :				
Prepayments	4.60	-	1.14	0.72
Prepaid of leasehold property	-	0.95	-	1.07
Security deposits	-	0.87	-	1.17
Advances to suppliers for goods & services	17.02	-	22.25	0.29
Advances to staff	1.09	-	0.94	-
Balances with revenue authorities	43.12	-	29.68	0.01
Other receivables	6.83	-	4.39	-
	72.66	**21.10**	**58.40**	**14.17**

Notes to Consolidated financial statements for the year ended March 31, 2018

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 12: EQUITY SHARE CAPITAL

	Number of Shares		Amount	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Authorised equity share capital				
(face value ₹2 each)	13,50,00,000	13,50,00,000	27.00	27.00
	13,50,00,000	**13,50,00,000**	**27.00**	**27.00**
Issued, Subscribed and fully paid equity share capital (face value ₹2 each)	9,04,90,055	9,04,90,055	18.10	18.10
	9,04,90,055	**9,04,90,055**	**18.10**	**18.10**

(a) Movements in equity share capital

	Number of Shares		Amount	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Number of shares at the beginning of the year	9,04,90,055	1,80,98,011	18.10	18.10
Add: Shares split during the year	-	7,23,92,044	-	-
Number of Shares at the end of the year	**9,04,90,055**	**9,04,90,055**	**18.10**	**18.10**

(b) Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹2 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Equity shares held by ultimate holding/ holding company and/ or their subsidiaries/ associates

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		Number of Shares	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Shri Satyanarayan Nuwal	22.48%	22.48%	2,03,43,695	2,03,43,695
Shri Kailashchandra Nuwal	19.60%	19.60%	1,77,39,095	1,77,39,095
Smt Indira Devi Nuwal	6.15%	6.15%	55,68,230	55,68,230
Smt Leela Devi Nuwal	5.61%	5.61%	50,75,940	50,75,940
Smt Sohan Devi Nuwal	5.14%	5.14%	46,49,690	46,49,690

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.

Notes to Consolidated financial statements for the year ended March 31, 2018

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 12A. OTHER EQUITY

Securities premium reserve

At April 1, 2016	**149.13**
At March 31, 2017	**149.13**
At March 31, 2018	**149.13**

Retained earnings

At April 1, 2016	**283.04**
Add : Profit for the year	186.54
Less : Remeasurement loss on defined benefit plans	(1.11)
Less : Transfer to general reserve	(76.91)
Less : Interim Dividends	(18.10)
Less : Tax on Interim Dividend	(3.68)
At March 31, 2017	**369.78**
Add : Profit for the year	220.55
Less : On account of merger	(0.96)
Less : Transfer to General Reserve	(45.66)
Less : Remeasurement loss on defined benefit plans	(1.16)
Less : Due to Turkey Acquisition	(39.25)
Less : Final Dividend of FY 2016-17	(27.15)
Less : Dividend Distribution Tax (DDT) on Final Dividend of FY 2016-17	(5.53)
At March 31, 2018	**470.62**

Capital reserve

At April 1, 2016	**16.39**
At March 31, 2017	**16.39**
Add : On account of merger	0.15
At March 31, 2018	**16.54**

General reserve

At April 1, 2016	**357.53**
Add : Transfer from retained earnings	76.91
As at March 31, 2017	**434.44**
Add : Transfer from retained earnings	45.66
At March 31, 2018	**480.10**

Cash flow hedge reserve

At April 1, 2016	**-**
Add : Transfer from retained earnings	-
At March 31, 2017	**-**
Add : Net movement on Cash Flow Hedges	0.25
At March 31, 2018	**0.25**

Notes to Consolidated financial statements for the year ended March 31, 2018

(All amounts in ₹ Crores, unless otherwise stated)

Foreign currency translation reserve

At April 1, 2016	**(18.74)**
Add : Exchange differences on translation of foreign operations	(40.51)
At March 31, 2017	(59.25)
Add : Exchange difference on translation of foreign operations	8.37
At March 31, 2018	**(50.88)**

NOTE 12B. DISTRIBUTION MADE AND PROPOSED

	March 31, 2018	March 31, 2017
Cash dividends on equity shares declared and paid:		
Final dividend for the year ended on March 31, 2017: ₹3 per share (March 31, 2016 ₹ NIL per share)	27.15	-
DDT on final dividend	5.53	-
Interim dividend for the year ended on March 31, 2018: ₹ NIL per share (March 31, 2017 ₹2 per share)	-	18.10
DDT on interim dividend	-	3.68
	32.68	**21.78**
*** Proposed dividends on equity shares:**		
Final cash dividend for the year ended on March 31,2018: ₹6 per share (March 31, 2017: ₹3 per share)	54.29	27.15
DDT on proposed dividend	11.16	5.52
	65.45	**32.67**

* Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability (including DDT thereon) as at March 31, 2018.

FINANCIAL LIABILITIES

NOTE 13. NON-CURRENT BORROWINGS

	March 31, 2018	March 31, 2017
Secured Borrowings carried at amortised cost		
Term loans from banks		
Foreign currency loan from Banks (USD)	249.18	240.27
Indian Rupee term loan	6.27	-
Sales tax deferral loan	0.56	0.62
	256.01	**240.89**
Less: Amount clubbed under "Other current financial liabilities" (refer note 16A)		
Current maturities of long-term debt	(92.20)	(92.21)
Interest accrued but not due on non-current borrowings	(0.54)	(0.72)
	163.27	**147.96**

Notes to Consolidated financial statements for the year ended March 31, 2018

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 14. CURRENT BORROWINGS

	March 31, 2018	March 31, 2017
Secured		
From banks		
Foreign currency working capital loan	214.75	170.80
Indian Rupee working capital loan	5.39	10.47
Buyers credit	6.27	18.26
Unsecured		
From banks		
Indian Rupee working capital loan	-	45.00
From related party		
Associates	0.63	21.84
Key managerial personnel	0.79	-
Others	1.40	1.26
	229.23	**267.63**
Less: Amount clubbed under "Other current financial liabilities" (refer note 16A)		
Interest accrued but not due on current borrowings	(4.65)	(6.64)
	224.58	**260.99**

	Maturity date	Terms of repayment	March 31, 2018	March 31, 2017
Non current Borrowing				
Secured				
Foreign currency term loan from Bank	Sep 11, 2017	Single repayment at the end of the term	-	19.45
Foreign currency term loan from Bank	Jan 12, 2018	Single repayment at the end of the term	-	20.75
Foreign currency term loan from Bank	Jul 09, 2018	Single repayment at the end of the term	16.19	16.11
Foreign currency term loan from Bank	Sep 28, 2018	Repayable in Four equal half yearly installment	6.22	18.56
Foreign currency term loan from Bank	Mar 31, 2020	Repayable in eight equal quarterly installment starting after moratorium period of 12 months	44.33	50.63
Rupee Term Loan from Bank	Mar 31, 2020	Repayable in eight equal quarterly installment starting after moratorium period of 12 months	6.27	-
Foreign currency term loan from Bank	Aug 31, 2018	Repayable in eight equal half yearly installment	8.15	24.32
Foreign currency term loan from Bank	Sep 19, 2019	Single repayment at the end of the term	50.07	-
Foreign currency term loan from Bank	Sep 27, 2019	Repayable in eight equal half yearly installment	24.44	40.53
Foreign currency term loan from Bank	Jan 30, 2020	Repayables in eight equal quarterly installment	40.70	19.05
Term Loan	Jun 26, 2022	12 Quarterly Payments commencing from the start of 9th quarter from the first disbursement	58.49	-
Vehicle Loan	Mar 20, 2019	Repayable in equal monthly installment. Term Period - 30 months	0.10	-
Vehicle Loan	Aug 15, 2019	Repayable in equal monthly installment. Term Period - 24 months	0.49	-
Vehicle Loan	May 02, 2017	Repayable in equal monthly installment. Term Period - 24 months	-	0.05
Vehicle Loan	Apr 03, 2017	Repayable in equal monthly installment. Term Period - 24 months	-	0.01
Vehicle Loan	Nov 02, 2017	Repayable in equal monthly installment. Term Period - 24 months	-	0.19
Term Loan from Bank	Mar 26, 2021	Repayable in equal quarterly installment after moratorium preiod of 6 Month	-	30.62
Unsecured				
Sales tax deferral loan	Apr 30, 2024	Repayable as per Sales Tax Deferral Scheme.	0.56	0.62
			256.01	**240.89**

The above foreign currency from Banks carries an interest rate of LIBOR + 100 to 300 bps
The Indian rupee long term loan from Bank carries an interest rate of 1year MCLR to 3% + 1year MCLR
Loans taken by overseas subsidiaries are taken at interest rate of 11% to 17.28%

Notes to Consolidated financial statements for the year ended March 31, 2018

(All amounts in ₹ Crores, unless otherwise stated)

	Maturity date	Terms of repayment	March 31, 2018	March 31, 2017
Current Borrowings				
Secured				
Foreign currency working capital loan from Bank	Oct 24, 2018	Single repayment at the end of the term	14.99	14.51
Buyer's credit	Jun 07, 2017	Single repayment at the end of the term	-	8.74
Buyer's credit	Apr 27, 2017	Single repayment at the end of the term	-	9.53
Buyer's credit	May 23, 2018	Single repayment at the end of the term	6.27	-
Foreign currency working capital loan from Bank	Apr 18, 2017	Single repayment at the end of the term	-	2.38
Foreign currency working capital loan from Bank	Jun 16, 2017	Single repayment at the end of the term	-	2.26
Indian rupee working capital loan from Bank	On Demand	Repayable on demand	5.39	10.47
Local Currency Loan From Bank	Apr 10, 2018	Single repayment at the end of the term	26.15	-
Local Currency Loan From Bank	May 28, 2018 & Sep 03, 2018	Single repayment at the end of the term	1.63	-
Local Currency Loan From Bank	Jul 19, 2018	Single repayment at the end of the term	29.71	-
Local Currency Loan From Bank	Mar 22, 2019	Repayable in equal monthly installment. Term Period - 18 months	0.17	-
Local Currency Loan From Bank	Apr 16, 2018	Repayable in equal monthly installment. Term Period - 6 months	0.29	-
Local Currency Loan From Bank	Jun 01, 2018	Repayable in equal monthly installment. Term Period - 6 months	1.05	-
Local Currency Loan From Bank	Apr 09, 2018	Single repayment at the end of the term	0.01	-
Local Currency Loan From Bank	Apr 25, 2018	Single repayment at the end of the term	0.01	-
Local Currency Loan From Bank	Jun 14, 2018	Repayable in equal monthly installment. Term Period - 9 months	2.41	-
Local Currency Loan From Bank	Aug 17, 2018	Repayable in equal monthly installment. Term Period - 9 months	0.80	-
USD Loan from Bank (For SOML it is Local Currency)	May 14, 2018	Single repayment at the end of the term	6.52	-
USD Loan from Bank (For SOML it is Local Currency)	Jan 31, 2019	Single repayment at the end of the term	102.70	-
USD Loan from Bank (For SOML it is Local Currency)	Sep 07, 2018	Single repayment at the end of the term	26.06	-
USD Loan from Bank	Aug 25, 2018	Single repayment at the end of the term	2.25	-
Working Capital Loan from Bank	Aug 04, 2017	Single repayment at the end of the term	-	10.38
Working Capital Loan from Bank	May 05, 2017	Single repayment at the end of the term	-	6.48
Working Capital Loan from Bank	Aug 25, 2017	Single repayment at the end of the term	-	64.84
Working Capital Loan from Bank	Oct 17, 2017	Single repayment at the end of the term	-	19.45
Working Capital Loan from Bank	Apr 30, 2017	Single repayment at the end of the term	-	32.42
Working Capital Loan from Bank	On Demand	On Demand	-	18.07
Unsecured				
Loan from associates	On demand	On demand	0.63	21.84
Loan from associates	On demand	On demand	1.40	1.26
Loan from KMP	On demand	On demand	0.79	-
Indian rupee working capital loan from Bank	Apr 24, 2017	Single repayment at the end of the term		20.00
Indian rupee working capital loan from Bank	Jun 21, 2017	Single repayment at the end of the term		25.00
			229.23	**267.63**

The above foreign currency loans and Buyer's credit from Banks carries an interest rate of LIBOR + 30 bps to LIBOR + 300 bps

The Indian rupee working capital loan from Bank and loan from related party carries rate of 0.35%+ 1year MCLR to 9% p.a.

Loans taken by overseas subsidiaries are taken at interest rate of LIBOR + 135 bps to LIBOR + 150 bps and certain loans are from 6% to 23%

Security

The above non current loans from banks are secured by first pari passu charge on the tangible movable and immovable fixed assets and second pari passu charge on the Group's current asset. Working capital loans have first Pari Passu charge on Group's entire current asset, both present and future and second Pari Passu charge on Group's entire fixed 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 Group has satisfied all debt covenants prescribed in the terms of bank loans.

The Group has not defaulted on any loans payable.

Notes to Consolidated financial statements for the year ended March 31, 2018

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 15. TRADE PAYABLES

	March 31, 2018	March 31, 2017
Current		
Trade payables	127.16	89.32
	127.16	**89.32**

Trade payables are non-interest bearing and are normally settled on 60-day terms

For explanations on the Group's credit risk management processes, refer to Note 34

NOTE 16A : OTHER CURRENT FINANCIAL LIABILITIES

	March 31, 2018	March 31, 2017
Current		
Derivative Instruments at fair value through profit or loss		
Fair valuation of derivative contracts	0.48	8.09
	0.48	**8.09**
Other financial liabilities at amortised cost		
Current maturities of long-term debt (refer note 13)	92.20	92.21
Interest accrued on non-current borrowings (refer note 13)	0.54	0.72
Interest accrued on current borrowings (refer note 14)	4.65	6.64
	97.39	**99.57**
Others		
Capital creditors	2.05	0.65
Deferred purchases consideration	4.70	-
Liabilities towards employee benefits	14.67	9.74
Liabilities towards trade discounts	13.07	5.29
Unpaid dividend	0.04	0.05
Other payable	0.66	-
	35.19	**15.73**
	133.06	**123.39**

NOTE 16B : OTHER NON-CURRENT FINANCIAL LIABILITIES

	March 31, 2018	March 31, 2017
Deferred purchase consideration	32.83	-
	32.83	**-**

Notes to Consolidated financial statements for the year ended March 31, 2018

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 17A : OTHER CURRENT LIABILITIES

	March 31, 2018	March 31, 2017
Statutory dues payables	35.24	23.20
Liabilities for employee benefit	2.57	1.72
Other current liabilities	16.17	-
Advances from customers	20.75	18.01
Other advances	0.51	5.72
	75.24	48.65

NOTE 17B : OTHER NON CURRENT LIABILITIES

	March 31, 2018	March 31, 2017
Other advances	0.54	-
	0.54	-

NOTE 18 : PROVISIONS

	Provision for gratuity	Provision for leave encashment	Total
At April 01, 2017	**0.65**	**2.10**	**2.75**
Arising during the year	3.08	1.57	4.65
Utilised during the year	(2.10)	(0.08)	(2.18)
Other adjustments	(0.72)	-	(0.72)
At March 31, 2018	**0.91**	**3.59**	**4.50**
Current	**0.73**	**3.59**	**4.32**
Non-current	**0.18**	**-**	**0.18**

	Provision for gratuity	Provision for leave encashment	Total
At April 01, 2016	**-**	**-**	**-**
Arising during the year	0.65	2.10	2.75
At March 31, 2017	**0.65**	**2.10**	**2.75**
Current	**0.65**	**2.10**	**2.75**
Non-current	**-**	-	-

Notes to Consolidated financial statements for the year ended March 31, 2018

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 19 : TAX EXPENSES

The major components of tax expense for the years ended March 31, 2018 and March 31, 2017 are :

Consolidated Statement of profit and loss:

Profit or loss section

	March 31, 2018	March 31, 2017
Current income tax:		
Current income tax charge	87.90	70.49
Deferred tax:		
Relating to origination and reversal of temporary differences	18.15	6.25
Tax expense reported in the statement of profit or loss	**106.05**	**76.74**

OCI section

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

	March 31, 2018	March 31, 2017
Net gain/(loss) on revaluation of cash flow hedges	0.13	-
Net (loss)/gain on remeasurements of defined benefit plans	(0.61)	(0.59)
Income tax charged to OCI	**(0.48)**	**(0.59)**

Deferred tax

Deferred tax relates to the following :

Balance sheet

	March 31, 2018	March 31, 2017
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortisation charged for the financial reporting	128.14	106.05
Financial assets at fair value through profit or loss	0.09	0.14
Derivative Instruments at fair value through profit or loss	1.43	1.04
On account of merger	0.04	-
Gratuity	-	0.25
MAT credit	(19.41)	(13.31)
Provision for investments in associates	(0.34)	(0.34)
Provision towards trade receivables	(7.43)	(8.91)
Employee Benefits	(1.45)	(0.91)
Net deferred tax (assets)/liabilities	**101.07**	**84.01**

Reconciliation of deferred tax liability:

	March 31, 2018	March 31, 2017
Opening balance as of April 1	84.01	77.64
Tax (income)/expense during the period recognised in profit or loss	17.54	6.96
Tax (income)/expense during the period recognised in other comprehensive income	(0.48)	(0.59)
Closing balance as at March 31	**101.07**	**84.01**

Notes to Consolidated financial statements for the year ended March 31, 2018

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 20 : REVENUE FROM OPERATIONS

The Group derives the following types of revenue:

	March 31, 2018	March 31, 2017
Sale of products (including excise duty)	1,894.25	1,652.35
Other operating revenue	57.22	58.93
	1,951.47	**1,711.28**

Sale of products includes duty collected from customers of ₹35.35 (March 31, 2017 : ₹131.29). Sale of products net of excise duty is ₹1,858.90 (March 31, 2017 : ₹1,521.06). Revenue from operations for periods upto June 30, 2017 includes excise duty. From July 1, 2017 onwards the excise duty and most indirect taxes in India have been replaced with Goods and Service Tax (GST). The Company collects GST on behalf of the Government. Hence, GST is not included in revenue from operations. In view of the aforesaid change in indirect taxes, revenue from operations for the year ended March 31, 2018 is not comparable to the year ended March 31, 2017.

NOTE 21 : OTHER INCOME

	March 31, 2018	March 31, 2017
Interest income		
On financial assets carried at amortised cost		
From others	1.96	5.83
On deposits with bank	1.31	0.92
Income tax refund	1.07	0.48
Profit on sale of investments carried at fair value through profit or loss	2.20	2.86
Net gain on financial assets mandatorily measured at fair value through profit or loss	0.47	0.39
Dividend income from equity investments designated at fair value through Profit or loss	0.30	-
Net gain on disposal of property, plant and equipment	0.14	0.05
Net gain on sale of financial assets carried at fair value through profit and loss	0.01	2.01
Net gain on foreign currency transaction and translation	3.24	-
Fair value gain on derivatives not designated as hedges	0.78	0.46
Miscellaneous income	0.62	0.21
	12.10	**13.21**

NOTE 22A : COST OF MATERIALS CONSUMED

	March 31, 2018	March 31, 2017
Raw materials and packing material at the beginning of the year	113.50	86.27
Add: Purchases during the year	1085.69	921.06
Less: Raw material and packing material at the end of the year	(138.60)	(104.08)
	1,060.59	**903.25**

NOTE 22B : CHANGES IN INVENTORIES OF WORK-IN-PROGRESS, STOCK-IN-TRADE AND FINISHED GOODS

	March 31, 2018	March 31, 2017
Opening balance		
Work-in progress	12.64	11.30
Finished goods	22.21	21.57
Stock in trade	0.51	-
	35.36	32.87
Closing balance		
Work-in progress	27.62	12.71
Finished goods	35.82	37.34
Stock in trade	9.32	-
	72.76	**50.05**
	(37.40)	**(17.18)**

Notes to Consolidated financial statements for the year ended March 31, 2018

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 23 : EMPLOYEE BENEFIT EXPENSE

	March 31, 2018	March 31, 2017
Salaries, wages and bonus	124.92	97.45
Contribution to provident and other funds	6.16	5.22
Staff welfare expenses	2.40	1.64
	133.48	**104.31**

NOTE 24 : OTHER EXPENSES

	March 31, 2018	March 31, 2017
Consumption of stores and spares	11.64	11.34
Excise duty on Inventory	-	0.71
Repairs and maintenance :		
Plant and machinery	10.49	7.54
Buildings	3.91	2.14
Others	6.22	5.37
Water and electricity charges	20.76	18.59
Rates and taxes	4.99	4.69
Legal and professional fees	24.30	14.11
Travel and conveyance	12.60	9.42
Export expenses	18.57	16.71
Sales commission expenses	18.90	7.01
Freight and forwarding charges	26.12	15.72
Transportation charges	58.26	31.24
Remuneration to directors	9.50	9.00
Pump truck expenses	8.82	7.30
Security service charges	9.19	7.21
Sales promotion expenses	5.55	4.51
Donations	2.39	2.78
Advertisement expenses	1.11	0.62
Advance/ Investment written off	2.17	0.19
Directors' sitting fees	0.11	0.47
Exchange differences (net)	(10.73)	27.00
Impairment loss on property plant & equipment	-	0.65
Bad debts written-off	15.77	-
Loan to others written off	0.50	-
Impairment loss on investment (refer note 4)	-	1.29
Impairment loss on trade receivables	0.16	7.59
Corporate social responsibility expenditure (refer note 24a)	4.44	2.91
Payments to auditors	0.82	0.93
Miscellaneous expenses (includes printing , communication , postage , office expenses etc)	40.96	28.24
	307.51	**245.28**

Notes to Consolidated financial statements for the year ended March 31, 2018

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 24(a). CSR EXPENDITURE

	March 31, 2018	March 31, 2017
Contribution to revenue expenditure	4.44	2.91
Gross amount required to be spent by the Group during the year	4.35	0.90
Amount spent in cash during the year ending March 31, 2018		
(i) Construction/acquisition of an asset	-	-
(ii) On purposes other than (i) above	4.44	-
Amount spent in cash during the year ending March 31, 2017		
(i) Construction/acquisition of an asset	-	1.07
(ii) On purposes other than (i) above	-	2.91

NOTE 25 : FINANCE COSTS

	March 31, 2018	March 31, 2017
Interest on borrowings		
To banks	30.85	21.01
To related party	0.77	3.00
To others	0.18	2.88
Other finance expenses	0.92	-
	32.72	**26.89**

NOTE 26 : DEPRECIATION AND AMORTIZATION EXPENSE

	March 31, 2018	March 31, 2017
Depreciation of tangible assets (note 3A)	50.79	38.51
Amortization of intangible assets (note 3B)	1.87	0.23
Less : Transfer to intangible asset under development	(1.37)	-
	51.29	**38.74**

NOTE 27 : EARNINGS PER SHARE (EPS)

	March 31, 2018	March 31, 2017
Basic and diluted EPS		
Profit attributable to the equity holders of the company for basic and diluted EPS:	233.59	185.44
Weighted average number of equity shares for basic and diluted EPS	9,04,90,055	9,04,90,055
Basic and Diluted EPS attributable to the equity holders of the company (₹)	25.81	20.49
Nominal value of shares (₹)	**2.00**	**2.00**

Notes to Consolidated financial statements for the year ended March 31, 2018

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 28: BUSINESS COMBINATIONS (AMALGAMATION DURING THE YEAR)

On September 25, 2017, Economic Explosives Limited (EEL) filed the scheme of amalgamation of following companies before the National Company Law Tribunal (NCLT):

M/s Solar Mining Resources Limited (SMRL), a non-listed company based in India and specialising in prospecting, mining, exploration etc in marble, granite, coal.

M/s Solar Mines and Minerals Limited (SMML), a non-listed company based in India and specialising in prospecting, mining, exploration etc in marble, granite, coal.

M/s Solar Initiating Systems Limited (SISL), a non-listed company based in India and specialising in manufacturing, dealing and consulting of initiating systems.

The order approving the above mentioned scheme was passed by NCLT and the same was received by the Group on April 9, 2018. The appointed date as per the order is April 1, 2017.

As per the scheme and the order the accounting for amalgamation is required to be done in accordance with the Pooling of Interest method referred in Ind AS 103, Business Combinations. The difference, being the excess of the net assets values of SMRL, SMML and SISL shall be credited to the Capital Reserve in the books of EEL.

The book values of the assets, liabilities and reserves of the companies merged with Economic Explosives Limited, as at the date of appointed date were as follows:

	SMRL	SMML	SISL	Total
Non Current Assets				
Property Plant and Equipment	-	-	0.45	0.45
Total Non Current Assets (A)	**-**	**-**	**0.45**	**0.45**
Current assets				
Financial assets				
Investments	5.49	-	-	5.49
Cash and cash equivalents	0.05	0.01	0.03	0.09
Other current assets	-	-	0.02	0.02
Other receivables	-	-	0.01	0.01
Total Current Assets (B)	**5.54**	**0.01**	**0.06**	**5.61**
Total Assets (C=A+B)	**5.54**	**0.01**	**0.51**	**6.06**
Equity				
Other equity				
Reserves	5.39	(0.85)	(0.96)	3.58
Total Other equity (D)	**5.39**	**(0.85)**	**(0.96)**	**3.58**
Liabilities				
Non Current Liabilities				
Deferred tax liabilities	0.04	-	-	0.04
Total non-current liabilities (E)	**0.04**	**-**	**-**	**0.04**
Current liabilities				
Financial liabilities				
Borrowings	-	0.80	1.41	2.21
Trade payables	-	-	-	-
Other current liabilities	0.06	0.01	0.01	0.08
Total current liabilities (F)	**0.06**	**0.81**	**1.42**	**2.29**
Total Liabilities (G=E+F)	**0.10**	**0.81**	**1.42**	**2.33**
Net Assets (H= C-D-G)	**0.05**	**0.05**	**0.05**	**0.15**
Payable to Shareholders (Purchase Consideration) (I)	-	-	0.01	0.01
Capital Reserve (J=H-I)	**0.05**	**0.05**	**0.04**	**0.14**

Notes to Consolidated financial statements for the year ended March 31, 2018

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 29: EMPLOYEE BENEFIT OBLIGATIONS

Post-employment obligations

Gratuity and other post-employment benefit plan

The parent company and some of its Indian Subsidiaries operates a defined benefit gratuity 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 fund has the form of a trust and it is governed by the Board of Trustees, which consists of an equal number of employer and employee representatives. The Board of Trustees is responsible for the administration of the plan assets and for the definition of the investment strategy .Under the gratuity plan, Holding company makes contribution to Solar Industries India Limited employee group gratuity assurance scheme. Further one of the subsidiary in the group makes contribution to Economic Explosives Limited employee group gratuity assurance scheme.

The following tables summarized the components of net benefit expense recognized in the statement of profit and loss, other comprehensive income, and the funded status and amount recognized in the balance sheet.

The amounts recognized in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

Expense recognized in statement of Profit and Loss

	Amount	
	March 31, 2018	March 31, 2017
Service cost	1.32	0.67
Net interest cost	0.00	(0.10)
Expenses recognized in the statement of Profit and Loss	**1.32**	**0.57**

Other Comprehensive Income

	Amount	
	March 31, 2018	March 31, 2017
Opening amount recognized in OCI outside of statement of profit and loss account	-	-
Actuarial gain / (loss) on liabilities	(1.81)	(1.67)
Actuarial gain / (loss) on assets	0.04	(0.02)
Closing of amount recognized in OCI outside of statement of profit and loss	**(1.77)**	**(1.69)**

The amount to be recognized in Balance Sheet

	Amount	
	March 31, 2018	March 31, 2017
Present value of funded obligations	11.58	8.01
Fair value of plan assets	10.67	8.09
Net defined benefit liability / (assets) recognized in balance sheet	**0.91**	**(0.08)**

Change in Present Value of Obligations

	Amount	
	March 31, 2018	March 31, 2017
Opening of defined benefit obligations	8.01	5.40
Service cost	1.32	0.80
Interest Cost	0.55	0.43
Benefit Paid	(0.11)	(0.29)
Actuarial (Gain)/Loss on total liabilities:	1.81	1.67
Closing of defined benefit obligation	**11.58**	**8.01**

Notes to Consolidated financial statements for the year ended March 31, 2018

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 29: EMPLOYEE BENEFIT OBLIGATIONS (CONTD..)

Change in Fair Value of Plan Assets

	Amount	
	March 31, 2018	March 31, 2017
Opening fair value of plan assets	8.09	6.64
Actual Return on Plan Assets	0.59	0.51
Employer Contribution	2.10	1.23
Benefit Paid	(0.11)	(0.29)
Closing fair value of plan assets	**10.67**	**8.09**

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

	Amount	
	March 31, 2018	March 31, 2017
Investments with insurer (LIC)	100%	100%

The significant actuarial assumptions were as follows :

	Amount	
	March 31, 2018	March 31, 2017
Discount Rate	7.69% to 7.75% p.a.	6.8% p.a.
Rate of increase in Compensation levels	5.00% to 11.44% p.a.	7.5% p.a.
Rate of Return on Plan Assets	6.8% p.a.	8.0% p.a.

The estimates of future salary increases, considered in actuarial valuation, takes into consideration inflation, seniority, promotion and other relevant factors, such as supply and demand in employment market.

The overall expected rate of return on assets is determined based on the interest rate prevailing in the market on that date, applicable to the period over which the obligation is to be settled.

Sensitivity Analysis

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

	March 31, 2018	Impact (Absolute)	Impact (%)
Base Liability	11.58		
Increase Discount Rate by 0.50%	11.29	(0.28)	-2.44%
Decrease Discount Rate by 0.50%	11.88	0.30	2.58%
Increase Salary Inflation by 1%	12.18	0.60	5.21%
Decrease Salary Inflation by 1%	11.03	(0.55)	-4.76%
Increase in Withdrawal Assumption by 5%	11.96	0.39	3.33%
Decrease in Withdrawal Assumption by 5%	10.87	(0.71)	-6.14%

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.

Notes to Consolidated financial statements for the year ended March 31, 2018

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 30: COMMITMENTS AND CONTINGENCIES

Capital and other Commitments

	March 31, 2018	March 31, 2017
Estimated amount of contracts remaining to be executed on capital account (net of advances)	60.31	8.62

Contingent liabilities

	March 31, 2018	March 31, 2017
Guarantees excluding financial guarantees		
Corporate guarantees given by the Group on behalf of its wholly owned overseas subsidiary in respect of loans taken	277.95	102.13
Financial Guarantee given by the Group	32.15	29.80
Guarantees given by Group's Bankers on behalf of the Group, against sanctioned letter of credit (SBLC's)	33.95	106.99
Claims against the Group not acknowledged as debts *		
Excise related matters	6.80	6.52
Sales tax deferment	-	9.47
Sales tax / VAT related matters	17.11	12.06
Income tax related matters	3.20	5.52

* The Group is contesting the demands and the management, including its tax/legal advisors, believe that its position will likely be upheld in the appellate process. No tax expense has been accrued in the financial statements for the tax demand raised. Cash outflows for the above are determinable only on receipt of judgements pending at various forums/authorities.

NOTE 31: 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 Satyanarayan Nuwal
Shri Kailashchandra Nuwal
Shri Manish Nuwal
Shri Roomie Dara Vakil
Shri Anil Kumar Jain
Shri Nilesh Panpaliya
Smt Khushboo Pasari
Shri Rahul Nuwal
Shri K S Talesra (resigned from Economic Explosives Ltd on July 01, 2017)
Shri S L Mundhada
Shri K S Rao
Shri Sartaj Singh (joined as an Executive Director in Economic Explosives Ltd from August 21, 2017)

Notes to Consolidated financial statements for the year ended March 31, 2018

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 31: RELATED PARTY DISCLOSURES (CONTD..)

IIA Relatives of Key Management Personnel (KMP)

Smt Leeladevi Nuwal
Smt Indiradevi Nuwal
Smt Sohandevi Nuwal
Smt Seemadevi Nuwal

III Non Executive Independent 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 2017-18.

Group 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 - (Note 1)

V Other related party

Post employment benefit plans
Solar Industries India Limited employee group gratuity assurance scheme
Economic Explosives Limited employee group gratuity assurance scheme

Refer to Note 29 for information on transactions with post employment benefit plans mentioned above

Note 1 : The entity have been merged with Economic Explosives Limited with effect from April 01, 2017 pursuant to order dated:- March 16, 2018.

Notes to Consolidated financial statements for the year ended March 31, 2018

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 31: RELATED PARTY DISCLOSURES (CONTD.)

B. Transactions with related parties during the year

Nature of Transaction	March 31, 2018	March 31, 2017
Purchase of raw material and components		
Solar Synthetics Private Limited	0.09	0.04
Total	**0.09**	**0.04**
Other Expenditure		
Solar Synthetics Private Limited (Consumables)	0.20	0.15
Total	**0.20**	**0.15**
Rent paid		
Solar Synthetics Private Limited	0.06	0.05
Solar Initiating Systems Limited	-	0.12
Smt. Indiradevi Nuwal	0.02	-
Total	**0.08**	**0.17**
Purchase of shares of SISL * (Refer note 28)		
Shri Satyanarayan Nuwal *	0.00	-
Shri Kailashchandra Nuwal *	0.00	-
Shri. Manish Nuwal *	0.00	-
Shri. Rahul Nuwal *	0.00	-
Smt. Leeladevi Nuwal *	0.00	-
Smt. Indiradevi Nuwal *	0.00	-
Smt. Sohandevi Nuwal *	0.00	-
	0.00	**-**
Other receivable	-	0.11
SMS Bhatgaon Mines Extension Private Limited	-	0.01
Solar Bhatgaon Extension Mines Private Limited	**-**	**0.12**
Loans taken/ (repaid) during the year (net)		
Commercial Sales Corporation	(21.20)	4.65
Total	**(21.20)**	**4.65**
Other income		
SMS Bhatgaon Mines Extension Private Limited	0.11	0.10
Solar Bhatgoan Extension Mines Private Limited	0.01	0.01
Total	**0.12**	**0.11**
Interest paid		
Commercial Sales Corporation	0.40	3.01
Total	**0.40**	**3.01**
Remuneration to KMP #		
Shri Satyanarayan Nuwal	2.70	2.70
Shri Kailashchandra Nuwal	2.70	2.70
Shri Manish Nuwal	2.70	2.70
Shri Roomie Dara Vakil	0.27	0.26
Shri Anil Kumar Jain	0.33	0.28
Shri Nilesh Panpaliya	0.29	0.27
Mrs. Khushboo Pasari	0.09	0.08
Shri Rahul Nuwal	0.12	0.12
Shri K S Talesra	0.06	0.24
Total	**9.26**	**9.35**

Notes to Consolidated financial statements for the year ended March 31, 2018

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 31: RELATED PARTY DISCLOSURES (CONTD.)

B. Transactions with related parties during the year

Nature of Transaction	March 31, 2018	March 31, 2017
Sitting fees		
Shri Anant Sagar Awasthi	0.02	0.02
Shri Dilip Patel	0.03	0.03
Shri Ajai Nigam	0.02	0.02
Shri Amrendra Verma	0.02	0.02
Smt Madhu Vij	0.02	0.01
Total	**0.11**	**0.10**

* Amount is less than ₹0.01 Crore in March 31, 2018

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2018, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2017: ₹ Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

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

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

Balances as at year end	March 31, 2018	March 31, 2017
Other receivables		
SMS Bhatgaon Mines Extension Private Limited	1.00	0.90
Solar Bhatgoan Extension Mines Private Limited	0.14	0.12
Total	**1.14**	**1.02**
Loans taken		
Commercial Sales Corporation	0.63	21.84
Shri Kailashchandra Nuwal	0.06	-
Shri Satyanarayan Nuwal	0.73	-
Total	**1.42**	**21.84**
Other payables		
Shri Satyanarayan Nuwal	0.20	-
Shri Manish Nuwal	0.22	-
Shri Kailashchandra Nuwal	0.24	-
Shri Rahul Nuwal *	0.00	-
Indiradevi Nuwal *	0.00	-
Shri Sartaj Singh *	0.00	-
Total	**0.66**	**-**
Payable for Purchase of Shares of SISL		
Shri Satyanarayan Nuwal *	0.00	-
Shri Kailashchandra Nuwal *	0.00	-
Shri. Manish Nuwal *	0.00	-
Shri. Rahul Nuwal *	0.00	-
Smt. Leeladevi Nuwal *	0.00	-
Smt. Indiradevi Nuwal *	0.00	-
Total	**0.00**	**-**

* Amount is less than ₹0.01 Crore in March 31, 2018

Notes to Consolidated financial statements for the year ended March 31, 2018

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 32: SEGMENT INFORMATION

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

Geographical Information

The amount of the Group's revenue from external customers broken down by location of the customers is shown in the table below:

Revenue from external customers

Location	March 31, 2018	March 31, 2017
India	1,318.23	1,300.29
Outside India	576.02	352.06
Total	**1,894.25**	**1,652.35**

The following is an analysis of the carrying amount of non-current assets, which do not include deferred tax assets, income tax assets and financial assets, analysed by the geographical area in which the assets are located:

Location	March 31, 2018	March 31, 2017
India	842.25	739.72
Outside India	209.53	142.15
Total	**1,051.78**	**881.87**

There are two customers those are individually contributing to more than 10% of Group's revenue, total amount of revenue from each such customer for the year ended on March 31, 2018 are ₹331.43 and ₹192.16 respectively and for the year ended on March 31, 2017 are ₹400.35 and ₹181.88 respectively.

NOTE 33. 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 Group has established the following fair value hierarchy that categorises the values into 3 levels. The inputs to valuation techniques used to measure fair value of financial instruments are:

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

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

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

The following methods and assumptions were used to estimate the fair values:

1. The Group has not disclosed the fair values of financial instruments such as cash and cash equivalents, bank balances other than cash and cash equivalents, trade receivables, other financial assets (except derivatives) , trade payables and other financial liabilities (except derivatives) 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 fair values of the quoted investments/units of mutual fund schemes are based on market price/net asset value at the reporting date.

3. The Group holds derivative financial instruments to mitigate the risk of changes in exchange rates on foreign currency exposures and changes in interest rates. 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

Notes to Consolidated financial statements for the year ended March 31, 2018

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 33. FAIR VALUE MEASUREMENTS (CONTD..)

include forward pricing and swap models, using present value calculations. These derivatives are marked to market as on the valuation date. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognised at fair value.

4. The fair values for loans given are calculated based on discounted cash flows discounted using 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 2 fair values in the fair value hierarchy.

5. Fair values of the Group's interest-bearing borrowings are determined by using discounted cash flow method using the current borrowing rates. Fair value of such instruments are not materially different from their carrying values, accordingly non-current borrowings are classified as level 2 fair values in the fair value hierarchy . The own non-performance risk as at March 31, 2018 was assessed to be insignificant.

The carrying value and fair value of financial instruments by categories including the quantitative disclosures of fair value measurement hierarchy as at March 31, 2018 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	91.50	5	-	91.50	-
Other financial assets (except derivatives)	79.30	6	-	-	-
Trade receivables	363.58	7	-	-	-
Cash and cash equivalents	52.49	8	-	-	-
Bank balances other than cash and cash equivalents	16.97	8	-	-	-
Fair value					
Investment in equity instruments of others (unquoted)	0.11	4	-	0.11	-
Investment in Venture Capital Fund (unquoted)	2.84	4	-	2.84	-
Investment in equity instruments (quoted)	14.01	4	14.01	-	-
Investment in mutual funds	0.09	4	0.09	-	-
Derivative Instruments	4.65	6	-	4.65	-
Financial Liabilities					
Amortised cost					
Borrowings					
Non-current	163.27	13	-	163.27	-
Current	224.58	14	-	224.58	-
Trade payables	127.16	15	-	-	-
Other financial liabilities (except derivatives)	165.41	16	-	-	-
Fair Value					
Derivative Instruments	0.48	16	-	0.48	-

There have been no transfers among Level 1, Level 2 and Level 3 during the year.

Notes to Consolidated financial statements for the year ended March 31, 2018

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 33. 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:

	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	102.06	5	-	102.06	-
Other financial assets (except derivatives)	73.35	6	-	-	-
Trade receivables	319.06	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					
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)	49.75	4	49.75	-	-
Investment in mutual funds (quoted)	0.08	4	0.08	-	-
Derivative Instruments	11.10	6	-	11.10	-
Financial Liabilities					
Amortised cost					
Borrowings					
Non-current	147.96	13	-	147.96	-
Current	260.99	14	-	260.99	-
Trade payables	89.32	15	-	-	-
Other financial liabilities (except derivatives)	115.30	16	-	-	-
Fair Value					
Derivative Instruments	8.09	16	-	8.09	-

There have been no transfers among Level 1, Level 2 and Level 3 during the year.

Notes to Consolidated financial statements for the year ended March 31, 2018

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables, and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The Group's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations. The Group also holds FVTPL investments and enters into derivative transactions.

It has an integrated risk management system which proactively identifies, monitors and takes precautionary and mitigation measures in respect of various identified risk.

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 derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

Risk	Exposure arising from	Measurement	Management
Market Risk- Interest rate risk	Borrowings Term Deposits	Sensitivity Analysis	Interest Rate Swaps
Market Risk-Foreign Exchange	Recognized financial assets and liabilities not denominated in INR	Cash Flow Analysis Sensitivity Analysis	Foreign-exchange options contracts
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 Credit Analysis	Diversification of credit limits and letters of credit and Bank guarantee
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 fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings, deposits, FVTPL investments and derivative financial instruments.

Market risk is attributable to all market risk sensitive financial instruments. The finance department undertakes management of cash resources, hedging strategies for foreign currency exposures, borrowing mechanism and ensuring compliance with market risk limits.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The Group is not very significantly exposed to interest rate risks except the variations in LIBOR rates as most of borrowings are linked to LIBOR. To manage this, the Group enters into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount.

0.5 % changes in interest rate will increase/ decrease the borrowing cost by ₹2.35.

The Group does not have significant investment in Bank Deposits and hence not significantly exposed to Interest rate sensitivity.

Notes to Consolidated financial statements for the year ended March 31, 2018

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD..)

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities and the Group's net investments in foreign subsidiaries.

When a derivative is entered into for the purpose of being a hedge, the Group's negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

The Group hedges its exposure to fluctuations on the translation into INR of its foreign operations by holding net borrowings in foreign currencies and by using foreign currency swaps..

Unhedged foreign currency exposure as at the reporting date:

	March 31, 2018				March 31, 2017	
	USD	EURO	SEK	ZAR	USD	EURO
Trade Receivable	0.75	0.08	-	-	1.58	0.05
Loans and other receivable	0.04	-	-	-	0.48	-
Borrowings	1.29	-	-	-	2.36	-
Trade Payables	0.40	-	0.01	-	0.78	-

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

	March 31, 2018	March 31, 2017
USD	(0.59)	(0.70)
EURO	0.06	0.04
SEK*	0.00	-

* Amount is less than SEK 0.01 Crore in March 31, 2018

Equity price risk

The Group's listed and non-listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

Following are the details of investments which are subject to price risk:

	March 31, 2018	March 31, 2017
Investment in equity shares (quoted)	0.15	0.56
Investment in mutual funds	13.95	49.27

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 ₹0.14 Crore (March 31, 2017: ₹0.50 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.

Notes to Consolidated financial statements for the year ended March 31, 2018

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD..)

Credit risk

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

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the 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.

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.

Trade and other receivables:

The Group 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, 2018	231.71	71.59	91.91	**395.21**
As at March 31, 2017	184.75	64.48	104.28	**353.51**

The following table summarizes the changes in the Provisions made for the receivables:

	March 31, 2018	March 31, 2017
Opening balance	34.45	28.58
Provided during the year	-	7.83
Amounts written off	-	(0.78)
Reversals of provisions	(2.82)	(1.18)
Closing balance	**31.63**	**34.45**

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.

Notes to Consolidated financial statements for the year ended March 31, 2018

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD..)

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, 2018						
Borrowings						
From related party (net of interest accrued but not due)	1.42	-	-	-	-	**1.42**
From Banks (net of interest accrued but not due)	5.25	47.53	265.74	162.75	-	**481.27**
From Others	1.40	-	-	-	-	**1.40**
Sales Tax Deferral Loan	-	-	0.09	0.46	0.01	**0.56**
Trade payables	-	127.16	-	-	-	**127.16**
Other financial liabilities	0.04	9.78	25.36	15.15	17.69	**68.02**
Derivative Instruments	-	-	0.15	0.33	-	**0.48**
March 31, 2017						
Borrowings						
From related party (net of interest accrued but not due)	19.56	-	-	-	-	**19.56**
From Banks (net of interest accrued but not due)	25.49	70.23	241.02	147.34	-	**484.08**
From Others	1.26	-	-	-	-	**1.26**
Sales Tax Deferral Loan	-	-	0.06	0.50	0.06	**0.62**
Trade payables	-	89.32	-	-	-	**89.32**
Other financial liabilities	0.77	11.33	3.50	-	0.13	**15.73**
Derivative Instruments	-	0.80	1.89	5.40	-	**8.09**

NOTE 35. CAPITAL MANAGEMENT

For the purpose of Group's capital management, capital includes issued equity capital, securities premium and all other equity reserves attributable to the equity holders. The primary objective of the Group's capital management is to maximise the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, interest bearing loans and borrowings, less cash and cash equivalents.

	March 31, 2018	March 31, 2017
Net debt	318.39	369.56
Equity	1,083.86	928.59
Capital and net debt	**1,402.25**	**1,298.15**
Gearing ratio	22.71 %	28.47 %

Notes to Consolidated financial statements for the year ended March 31, 2018

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 35. CAPITAL MANAGEMENT (CONTD..)

Calculation of net debt is as follows :

	March 31, 2018	March 31, 2017
Borrowings		
Non-Current	163.27	147.96
Current	224.58	260.99
	387.85	**408.95**
Cash and cash equivalents	52.49	25.93
Bank balances other than cash and cash equivalents	16.97	13.46
	69.46	**39.39**
Net Debt	**318.39**	**369.56**

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current year.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2018.

NOTE 36: RESEARCH & DEVELOPMENT EXPENDITURE

1. Capital Expenditure incurred on R&D is included in Fixed Assets and depreciation is provided on the same at the respective applicable rates.

2. Revenue expenditure incurred on R&D has been included in the respective account heads in the statement of accounts.

	March 31, 2018	March 31, 2017
In the nature of Revenue Expenditure	17.07	10.48
In the nature of Capital Expenditure	2.21	3.60
Total	**19.28**	**14.08**

Notes to Consolidated financial statements for the year ended March 31, 2018

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 37: DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES AS DEFINED UNDER THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT (MSMED) ACT, 2006:

	March 31, 2018	March 31, 2017
Principal amount outstanding (whether due or not) to micro and small enterprises	4.56	7.62
Interest due thereon	-	-
The amount of interest paid by the Group 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	-	-

NOTE 38: PREVIOUS YEAR FIGURES HAVE BEEN RECLASSIFIED, AS CONSIDERED NECESSARY, TO CONFIRM WITH CURRENT YEAR PRESENTATION, WHEREVER APPLICABLE.

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached

For **Akshay Rathi & Associates**
Chartered Accountants
ICAI Firm Registration
Number: 139703W

per **Akshay Rathi**
Proprietor
Membership No.- 161910

Place: Nagpur
Date: May 11, 2018

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

per **Shyamsundar Pachisia**
Partner
Membership No.- 49237

Place: Nagpur
Date: May 11, 2018

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

S.N. Nuwal
Chairman &
Executive Director
DIN: 00713547

Manish Nuwal
Managing Director &
CEO
DIN: 00164388

Khushboo Pasari
Company Secretary
Membership No.- F7347

Nilesh Panpaliya
Chief Financial Officer

Place: Nagpur
Date: May 11, 2018

SAILENT FEATURES OF FINANCIAL STATEMENT OF SSUBSIDIARIES / 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 “A”: SUBSIDIARIES

(All amounts in ₹ Crores, unless otherwise stated)

Sr No	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21
Name of Subsidiaries Particulars	Economic Explosives Ltd	Blastec India Private Limited	Emul Tek Private Limited	Solar Defence Limited	Solar Defence Systems Limited	Solar Overseas Mauritius Ltd	Solar Overseas Singapore Pte Ltd	Solar Overseas Netherlands Cooperatie U.A.	Solar Overseas Netherlands B.V.	Solar Industries Africa Limited	Solar Explochem Zambia Ltd	Nigachem Nigeria Ltd	SOLARPATLAYICI MAD. Ve SAN. TİCAŞ	Solar Mining Services Pty Ltd	PT.SOLAR MINING SERVICES	Solar Mining Services Pty Limited (Formely known as Australian Explosive Technologies Group Pty Ltd	PATSAN PATLAYICI MAD.SAN. TİCAŞ	Solar Nitro Chemicals Limited	Solar Nitro Ghana Limited	Solar Madencilik Hizmetleri A.S	Solar Explochem Ghana Limited
Reporting Currency	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR
Exchange Rate																					
Capital	4.80	4.99	4.98	0.05	0.05	55.39	3.06	75.26	84.33	0.72	0.03	7.62	19.80	36.42	4.58	0.00	-	0.29	6.63	0.32	-
Reserves	327.52	(5.92)	(4.70)	0.00	0.00	29.12	(0.89)	0.00	(22.79)	(0.30)	42.57	27.76	36.40	(2.96)	(1.67)	(3.69)	-	(1.01)	(0.26)	(0.10)	-
Total Assets	503.53	18.38	2.83	0.05	0.05	275.94	4.48	163.06	118.09	5.44	78.45	106.49	208.11	191.37	2.91	10.97	-	1.87	7.45	0.47	-
Total Liabilities	503.53	18.38	2.83	0.05	0.05	275.94	4.48	163.06	118.09	5.44	78.45	106.49	208.11	191.37	2.91	10.97	-	1.87	7.45	0.47	-
Details of Investments (Except Investment in subsidiaries)																					
Turnover	284.66	45.08	0.01	0.00	0.00	-	-	-	-	-	114.18	133.47	316.86	39.95	-	-	-	-	-	-	-
Profit before Taxation	54.74	0.02	(0.29)	0.00	0.00	11.05	(0.25)	0.88	(0.54)	(0.08)	33.81	18.06	43.82	(4.78)	(0.46)	(5.91)	-	(0.05)	(0.41)	(0.10)	-
Provision for Taxation	13.88	(0.28)	0.04	0.00	0.00	0.33	-	-	-	-	12.01	5.41	8.72	(1.33)	-		-	-	(0.12)	-	-
Profit after Taxation	40.86	0.30	(0.34)	0.00	0.00	10.72	(0.25)	0.88	(0.54)	(0.08)	21.80	12.65	35.10	(3.45)	(0.46)	(5.91)	-	(0.05)	(0.28)	(0.10)	-
Proposed Dividend	-	-				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
% of Shareholding	100%	100%	100%	100%	100%	100%	Fellow Subsidaries														

Note: During the year under review M/s. Solar Initiating Systems Limited, Associate Company, M/s. Solar Mines & Minerals Limited and M/s. Solar Mining Resources Limited, Wholly Owned Subsidiaries were merged with M/s. Economic Explosives Limited another wholly owned subsidiary of the Company pursuant to an order dated March 16, 2018 passed by the Mumbai Bench of the Hon'ble National Company Law Tribunal.

PART "B": ASSOCIATES

Statement pursuant to Section 129 (3) of the Companies Act,2013 related to Associate Companies

		Share of Associates held by the Company on the year end					Profit/Loss for the year			
Sr No	Name of Associates	Latest audited Balance Sheet Date	No. of Shares	Amount of Investment in Associates (in Crores)	Extent of Holding %	Networth attributable of Shareholding as per latest audited Balance Sheet (in Crores)	Considered in Consolidated (in Crores)	Not Considered in Consolidation (₹ in Crores)	Description of how there is significant influence	Reason why the Associate is not consolidated
Associates										
1	SMS Bhatgaon Mines Extension Private Limited	31.03.2018	490000	0.49	49	0.49	0.00	-	Note-A	-
2	Solar Bhatgaon Extension Mines Private Limited	31.03.2018	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 &
Executive Director
DIN: 00713547

Manish Nuwal
Managing Director &
CEO
DIN: 00164388

Khushboo Pasari
Company Secretary
Membership No.- F7347

Nilesh Panpaliya
Chief Financial Officer

Place: Nagpur
Date: May 11, 2018

SOLAR INDUSTRIES INDIA LIMITED

(CIN: L74999MH1995PLC085878)
Registered Office: 11, Zade Layout, Bharat Nagar, Nagpur – 440 033 (M.S.)
Tel: 91-712-2561000 I Fax: 91-712-2560202
E-mail id: investor.relations@solargroup.com I Website : www.solargroup.com

INVITATION

May 11, 2018

Dear Members,

You are cordially invited to attend the 23rd Annual General Meeting of the members of **Solar Industries India Limited** ('the Company') scheduled to be held on **Tuesday, July 31, 2018 at 12:30 p.m. at Hotel Tuli Imperial, Central Bazar Road, Ramdaspeth, 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 23rd Annual General Meeting (AGM)
2. Instructions for e-voting
3. Route Map
4. Attendance Slip
5. Proxy Form
6. Ballot Form

Notice

Calling 23rd Annual General Meeting

Notice is hereby given that the Twenty Third Annual General Meeting of the members of Solar Industries India Limited (CIN: L74999MH1995PLC085878) will be held on **Tuesday, July 31, 2018 at 12:30 p.m. at Hotel Tuli Imperial, Central Bazar, Ramdaspeth, 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 Statement) of the Company for the financial year ended on March 31, 2018 and the Reports of the Board of Directors and Auditors thereon.

ITEM NO. 2

Final Dividend

To declare a Final Dividend of ₹6/- per Equity Share for the year ended on March 31, 2018.

ITEM NO. 3

Appointment of Shri Manish Satyanarayan Nuwal (DIN: 00164388) as Director retiring by rotation

To appoint a Director in place of Shri Manish Satyanarayan Nuwal (DIN: 00164388), who retires by rotation, and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

ITEM NO.4

Appointment of Shri Suresh Menon (DIN: 07104090) as a Director of the Company.

Consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to recommendation of the Nomination and Remuneration Committee and the Board and subject to the provisions of Sections 152, 161 and other applicable provisions, if any, of the Companies Act, 2013 ('the Act') read with the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) Shri Suresh Menon (DIN: 07104090), who was appointed as an Additional Director by the Board of Directors of the Company to holds office up to the date of this Annual General Meeting and who is eligible for appointment and has consented to act as a Director of the Company be and is hereby appointed as a Director of the Company, liable to retire by rotation.

RESOLVED FURTHER THAT the Board be and is hereby authorized 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.5

Appointment of Shri Suresh Menon (DIN: 07104090) as a Whole-time Director of the Company.

Consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary 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 appointment of Shri Suresh Menon (DIN: 07104090), as a Whole Time Director designated as Executive Director of the Company for a period of 5 (five) years with effect from May 11, 2018 to May 10, 2023.

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 appointment and / or agreement in such manner as may be agreed to between the Board of Directors and Shri Suresh Menon.

RESOLVED FURTHER THAT the remuneration payable to Shri Suresh Menon, 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 authorized 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, 2019 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 2018-19 ending on March 31, 2019, 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."

ITEM NO.7

Increase in Limits of Borrowings U/S 180 (1) (c) of the Companies Act, 2013:

Consider and if thought fit, to pass with or without modification, the following resolution as Special Resolution:

"RESOLVED THAT subject to the provisions of Section 180 (1) (c) and other applicable provisions if any, of the Companies Act, 2013 including any statutory modifications or re-enactments thereof and in supersession of all the earlier resolutions passed in this regard, the Board of Directors(hereinafter referred to as the Board),including any committee thereof for the time being exercising the powers conferred on them by this resolution, be and are hereby authorized to borrow money, as and when required, from, including without limitation, any Bank and/or Public Financial Institution as defined under Section 2 (72) of the Companies Act, 2013 and/or eligible foreign lender and/or any entity/entities and/or authority/authorities and/ or through suppliers credit, any other securities or instruments, such as floating rate notes, fixed rate notes, syndicated loans, debentures, commercial papers, short term loans or any other instruments etc. and/or through credit from official agencies and/or by way of commercial borrowings from the private sector window of multilateral financial institution,either in rupees or in such other foreign currencies as may be permitted by law from time to time, as may be deemed appropriate by the Board for an aggregate amount not exceeding ₹1500 Crores (Rupees One Thousand and Five Hundred Crores Only), notwithstanding that money so borrowed together with the monies already borrowed by the Company, if any (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid-up share capital, free reserves and security premium of the Company.

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

ITEM NO.8

Increase in limits of providing security u/s 180 (1) (a) of the Companies Act, 2013 in connection with the borrowing of the company:

Consider and if thought fit, to pass with or without modification, the following resolution as Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 180 (1) (a) of the Companies Act, 2013, including any statutory modifications or re-enactments thereof and in supersession of all the earlier resolutions passed in this regard, the members of the Company hereby accord their consent to the Board of Directors, including any committee thereof for the time being exercising the powers conferred on them by this resolution, to create mortgage and/or charge on all or any of the movable and/or immovable assets of the Company, both present and future and/or whole or any part of the Company in favour of the lenders, agents, trustees for securing the borrowings of the Company availed/to be availed by way of loans (in foreign currency and/or in Indian currency) and securities (comprising of fully/partly convertible debentures and/or secured premium notes and/or floating rates notes/bonds or other debt instruments) issued/to be issued by the Company from time to time, in one or more trenches, upto an aggregate limit of ₹1500 Crores (Rupees One Thousand Five Hundred Crores Only)together with interest as agreed, additional interest in Case of default, accumulated interest, liquidated damages and commitment charges, all other costs, charges and expenses and all other monies payable by the Company in terms of respective loan agreement(s) or any other document entered /to be entered into between the Company and the lenders/agents/investors and trustees in respect of enforcement of security as may be stipulated in that behalf and agreed to between the Board of Directors or any committees thereof and the lenders, agents or trustees.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board or a Committee thereof be and is hereby authorized to finalise, settle and execute such documents/deeds/writing/papers/agreements as may be required and do all such acts, deeds, matters and things, as it may in its absolute discretion deemed necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to Creation of Charge on Movable and immovable properties of the Company, both present and future as aforesaid."

By Order of the Board of Directors,
For Solar Industries India Limited

Date: May 11, 2018
Place: Nagpur

(Khushboo A. Pasari)
Company Secretary & Compliance Officer

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 8 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 authorized representatives to attend the meeting are requested to send to the company a certified copy of the board resolution authorizing 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 and Clause1.2.5 of Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India (SS-2), in respect of the persons seeking appointment /re-appointment as Director and/or relating to remuneration of Directors is incorporated in the annexure to the notice.

5. 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, July 20, 2018 to Tuesday, July 31, 2018 (both days inclusive)** for annual closing and determining the names of members eligible for Final Dividend on Equity Shares for the FY 2017-18 if declared at 23rd Annual General Meeting.

6. The Register of Directors & KMP and their shareholding maintained under section 170 of Companies Act, 2013 will be available for inspection at the AGM.

7. 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.

8. 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 **August 24, 2018** 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 **July 19, 2018**.

   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 **July 19, 2018.**

9. 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.

10. 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.

11. 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.

12. During the FY 2017-18, the Company has transferred to the Investor Education & Protection Fund, the unclaimed Final Dividend for the year 2009-2010 and the Interim Dividend for the year 2010-11.

    During the current financial year 2018-19, Company will be required to transfer the unclaimed Final Dividend for the year 2010-11 and Interim Dividend for the year 2011-12. Those Members who have not enchased 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 August 21, 2017 (date of last Annual General Meeting) on the website of the Company **(www.solargroup.com)**, and also on the website of the Ministry of Corporate Affairs.

During the FY 2017-18, Company has transferred in the name of IEPF Authority all shares in respect of which dividend has not been paid or claimed for the Seven or more consecutive financial year (i.e. From financial year 2009-10 or earlier financial years) in accordance with the provisions of Section 124(6) of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended.

During the current financial year 2018-19, Company will be required to transfer the Shares in respect of which dividend has not been paid or claimed for the last seven consecutive financial year (i.e. From financial year 2010-11). Those Members who have not claimed/ encashed their dividends in the last seven consecutive years from 2010-11 are requested to claim the same by **August 09, 2018.** In case valid claim is not received by that date, the Company will proceed to transfer the respective shares to the IEPF Account in terms of the IEPF Rules. In this regard, the Company has individually informed the shareholders concerned and also published notice in the newspapers as per the IEPF Rules. The details of such shareholders and shares due for transfer are uploaded on the "Investors Relations" Section of the website of the Company viz. **https://www.solargroup.com.**

Members may note that, the unclaimed dividend and the shares if transferred to IEPF Authority, such unclaimed dividend and the shares including all benefits accruing on such shares, if any, can be claimed back by them from IEPF Authority after following the procedure prescribed under the rules.

13. Pursuant to amendment made in Section 110 of the Companies Act, 2013, with the enactment of the Companies (Amendment) Act, 2017, the resolutions set out at item no. 7 &8 which previously required the approval of members by postal ballot only are now may be transacted at a general meeting by a company which is required to provide the facility to members to vote by electronic means under section 108, in the manner provided in that section. Hence, It has been decided to pass these resolutions in general meeting of the Company.

14. In terms of Section 101 and 136 of the Companies Act, 2013 read together with the Rules made there under, 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 23rd 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, July 23, 2018** (End of Day) being the Cut-off date (Record date) 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 **Saturday, July 28, 2018 at 10.00 a.m. and ends on Monday, July 30, 2018 till 5.00 p.m.** During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of **Monday, July 23, 2018** 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 **Saturday, July 28, 2018 at 10.00 a.m. and ends on Monday, July 30, 2018 till 5.00 p.m.** During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of **Monday, July 23, 2018** 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) • 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. • 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 Corporate.

- 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 scrutinizer 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 Monday, July 30, 2018.** 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 of 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

Date: May 11, 2018
Place: Nagpur

(Khushboo A. Pasari)
Company Secretary &
Compliance Officer

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 Manish Satyanarayan Nuwal (DIN: 00164388) as a Director who retires by rotation and being eligible, offers himself for re-appointment.

As regards re-appointment of retiring director Shri Manish Satyanarayan Nuwal(DIN: 00164388) referred to in Item No. 3, of the Notice, brief resume of Shri Manish Satyanarayan 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 in the resolution set out at Item No. 3 of the notice.

The Board commends the Ordinary Resolution set out at Item No.3 of the Notice for approval by the shareholders.

ITEM NO. 4

Appointment of Shri Suresh Menon (DIN: 07104090) as a Director of the Company.

Shri Suresh Menon (DIN: 07104090) had been appointed as an Additional Director by the Board of Directors of the Company at its meeting held on May 11, 2018 on recommendation of the Nomination and Remuneration Committee of the Company. In terms of Section 161(1) of the Companies Act, 2013, Shri Suresh Menon holds office upto the date of the ensuing Annual General Meeting and is eligible to be appointed as a Director of the Company.

The Company has received from Shri Suresh Menon (i) Consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014 and (ii) Intimation in Form DIR-8 in terms of the Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under Section 164(2) of the Act.

The profile and specific areas of expertise of Shri Suresh Menon are provided as annexure to this Notice.

None of the Director(s) and Key Managerial Personnel of the Company or their respective relatives, except Shri Suresh Menon, to whom the resolution relates, are concerned or interested in the Resolution mentioned at Item No. 4 of the Notice.

The Board recommends the resolution set forth in Item No. 4 for the approval of the Members.

ITEM NO.5

Appointment of Shri Suresh Menon (DIN: 07104090) as Whole Time Director of the Company.

The Board of Directors at its meeting held on May 11, 2018 had appointed Shri Suresh Menon as a Whole-time Director, for a period of five years effective from May 11, 2018 to May 10, 2023, subject to approval of the members of the Company.

Shri Suresh Menon has a rich and varied experience in the Coal, Mining and Explosives Industries and he contributed in the marketing operations of the Company over a long period of time.

The main terms and conditions of the appointment and details of remuneration payable to Shri Suresh Menon are given below:

1. Subject to the supervision and control of the Board of Directors and subject to the provisions of Companies Act, 2013, the Whole-time Director will carry out such duties and exercise such powers as may be entrusted to him by the Board of Directors and the Managing Director. He will report to Shri Manish Nuwal, Managing Director of the Company. He is further authorised to do all such acts, deeds, things and matter as may be required to do, as the Whole-time Director:

2. Remuneration

1. Period	From 11th May, 2018 to 10th May, 2023
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 chauffer. Provisions of the car for use in Company's business will not be considered as perquisites. 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.	

3. Other terms and Conditions

The appointment of Shri Suresh Menon as the Whole-time Director of the Company would be subject to the provisions of Section 152(6) of the Companies Act, 2013, i.e. Shri Suresh Menon would be liable to retire by rotation.

The appointment as Whole-time Director will be terminable as per the terms of contract to be executed between the Company and Shri Suresh Menon or upon Shri Suresh Menon ceasing to be a Director of the Company.

The copy of the agreement to be entered into with Shri Suresh Menon is available for inspection by any member of the Company at the Registered Office of the Company on all working days between 10.00 a.m. to 1.00 p.m. except holidays up to the date of the Annual General Meeting.

Brief resume of Shri Suresh Menon, 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 Suresh Menon, 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.

The Board recommends the resolution set forth in Item No. 5 for the approval of the Members.

ITEM NO. 6

Ratification of Cost Auditor`s Remuneration

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 2018-19 ending on March 31, 2019 at the Audit Fees of ₹1,25,000/- (Rupees One Lakh and Twenty Five 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.

ITEM NO. 7 & 8

Pursuant to Section 180(1)(c) and 180(1)(a) of the Companies Act, 2013, the Members of the Company had, through postal ballot dated August 04, 2014, authorised the Board of Directors (which term shall be deemed to include any Committee of the Board) to borrow money(ies) on behalf of the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) and for creation of charge on any assets or undertaking of the Company as security in favour of lending agencies for a sum not exceeding ₹1000 Crores (Rupees One Thousand Crores only), over and above the aggregate of the paid-up share capital and free reserves of the Company.

Keeping in view the Company's business requirements and growth plans, it is considered desirable to increase the said limits to a sum not exceeding ₹1500 Crores (Rupees One Thousand Five Hundred Crores only).

The consent of members is required under the provisions of Sections180 (1) (c) and 180(1) (a) of the Act, to increase the borrowing limits and to mortgage and / or create a charge on any of the movable and / or immovable properties and / or the whole or any part of the undertaking(s) of the Company to secure its borrowings upto a sum not exceeding ₹1500 Crores (Rupees One Thousand Five Hundred Crores only), which may exceed the aggregate of the paid-up share capital, free reserves and Security Premium of the Company.

None of the Directors or the Key Managerial Personnel of the Company including their relatives are in any way concerned or interested in the resolutions .

The Board recommends these resolutions for the approval of the members as Special Resolutions.

By Order of the Board of Directors,
For Solar Industries India Limited

Date: May 11, 2018
Place: Nagpur

(Khushboo A. Pasari)
Company Secretary & Compliance Officer

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, 4 and 5

As required under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and as required under Secretarial Standard on General Meetings issued by the institute of Company Secretaries of India (SS - 2), the particulars of Directors who are proposed to be appointed / reappointed and/or whose remuneration is proposed to be increased at this 23rd Annual General Meeting, are given below:

As on March 31, 2018

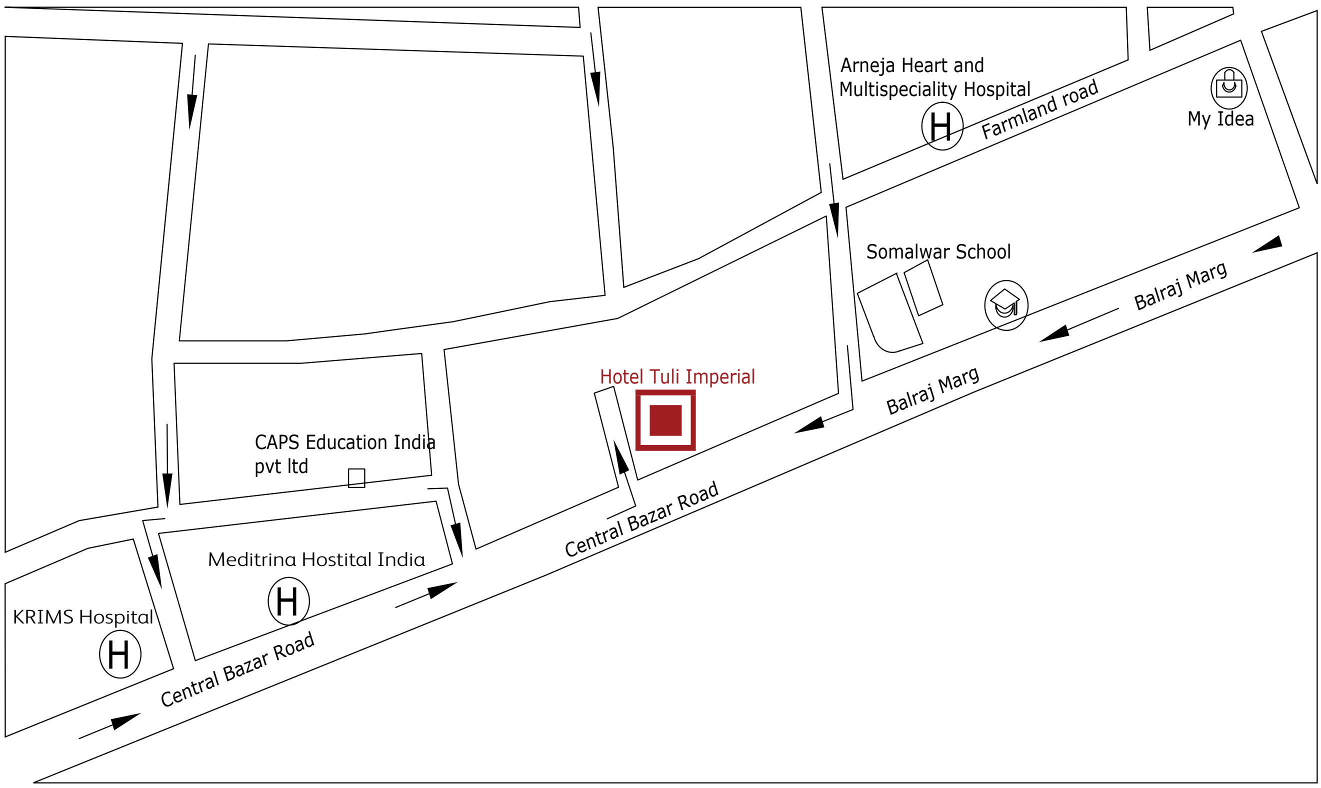
Name of the Director	Shri Manish Nuwal	Shri Suresh Menon
Name of the Director	Shri Manish Nuwal (DIN: 00164388)	Shri Suresh Menon (DIN: 07104090)
Date of Birth	12.03.1974	15.11.1960
Date of Appointment	25.10.2008	11.05.2018
Nationality	Indian	Indian
Qualifications	Chartered Accountant and B. Com	B. Tech (Hons) In Mining Engineering from I.I.T. , Kharagpur
Brief Profile	A qualified Chartered Accountant, Shri Manish Satyanarayan Nuwal joined when the Company began its first manufacturing foray and continues to contribute to its growth through his strong professional, financial and management skills. He is responsible for shaping the Company's strategy and aligning it with the future business landscape. He oversees the areas of Business Planning, Commercial & Technical matters. He is credited with playing a catalytic role in achieving recognition for the Company. His value driven approach underlines his strong commitment to fair and ethical business practices, of which success is a natural outcome.	He has an experience of over 34 years in the Coal, Mining and Explosives Industries. He has been associated with Solar Group's marketing functions since 11 years. With his strong expertise and deep understanding of Explosives Market, he plays an integral role in Company's growth.
Disclosure of relationship between directors inter-se	Son of Shri Satyanarayan Nuwal Nephew of Shri Kailashchandra Nuwal	Nil
Expertise in Specific Functional Area	He oversees the areas of Business Planning, Commercial & Technical matters.	He oversees the marketing operations of the Company at domestic and global levels.
Number of Shares held in the Company	4464301	Nil
List of the Directorship/ Partnership held in other companies/LLP (Excluding Foreign Companies & Section 8 Company)	1. Economic Explosives Limited 2. Solar Defence Limited 3. Solar Defence Systems Limited 4. Sundrop Developers And Ventures LLP	Nil
Chairman/ Member in the committees of Board of other Companies in which he/she is the Director	Member of Audit Committee, Corporate Social Responsibility Committee and Stakeholders Relationship Committee of Solar Industries India Limited	Nil

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 Manish Nuwal & Shri Suresh Menon, please refer to the Corporate Governance Report.

SOLAR INDUSTRIES INDIA LIMITED
(CIN: L74999MH1995PLC085878)
Registered Office: 11, Zade Layout, Bharat Nagar, Nagpur – 440 033 (M.S.)
Tel: 91-712-2561000 I Fax: 91-712-2560202
e-mail id: investor.relations@solargroup.com I Website : www.solargroup.com

ROUTE MAP

Route Map to the AGM Venue of:
Solar Industries India Limited,
23rd Annual General Meeting,
Tuesday, July 31, 2018 at 12:30 p.m.



Venue:
Hotel Tuli Imperial,
Central Bazar Road,
Ramdaspeth,
Nagpur - 440010,
Maharashtra.

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ATTENDANCE SLIP

23rd Annual General Meeting – July 31, 2018

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 23rd Annual General Meeting of the Company to be held on Tuesday the 31st Day of July, 2018 at 12.30 P.M. at Hotel Tuli Imperial, Central Bazar Road, Ramdaspeth, 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.
2. Members are requested to bring their copies of Notice and 23rd Annual Report to the Meeting as the same will not be circulated at the meeting.

SOLAR INDUSTRIES INDIA LIMITED

(CIN: L74999MH1995PLC085878)

Registered Office: 11, Zade Layout, Bharat Nagar, Nagpur – 440 033 (M.S.)

Tel: 91-712-2561000 I Fax: 91-712-2560202

E-mail id: investor.relations@solargroup.com I Website : www.solargroup.com

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 Third Annual General Meeting** of the Company, to be held on **Tuesday, July 31, 2018 at 12.30 P.M. at Hotel Tuli Imperial, Central Bazar Road, Ramdaspeth, 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, 2018 and the Directors and Auditors Report thereon.		
2.	Declaration of Final Dividend.		
3.	Appointment of Shri Manish Satyanarayan Nuwal (DIN: 00164388) as a Director liable to retire by rotation.		
SPECIAL BUSINESS			
4.	Appointment of Shri Suresh Menon (DIN: 07104090) as a Director of the Company.		
5.	Appointment of Shri Suresh Menon (DIN: 07104090) as a Whole-time Director of the Company.		
6.	Ratification of Cost Auditor`s Remuneration.		
7.	To increase the Limits of Borrowings u/s 180 (1) (c) of the Companies Act, 2013.		
8.	To increase the Limits of Providing security u/s 180 (1) (a) of Companies Act, 2013 in connection with the Borrowing of the Company.		

Affix
One Rupee
Revenue
Stamp
here & sign

Signed this ____________________ day of ________________2018

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.

SOLAR INDUSTRIES INDIA LIMITED

(CIN: L74999MH1995PLC085878)
Registered Office: 11, Zade Layout, Bharat Nagar, Nagpur – 440 033 (M.S.)
Tel: 91-712-2561000 I Fax: 91-712-2560202
E-mail id: investor.relations@solargroup.com I Website : www.solargroup.com

BALLOT FORM

(Pl. read carefully the instructions printed overleaf before completing this form)

Sr.No. ___________

1. Name : ____________________
   Registered Address of Sole / First named Shareholder (IN BLOCK LETTERS) : ____________________

2. Name(s) of Joint Shareholder(s), if any (IN BLOCK LETTERS) : ____________________

3. Registered Folio No. / DP ID No.* / Client ID No.* (*Applicable to Investors holding shares in dematerialised form) : ____________________

4. Number of Shares held (Equity Share of ₹2/- each) : ____________________

5. 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 Third Annual General Meeting** of the Company scheduled on **Tuesday, July 31, 2018**, 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, 2018 and the Directors and Auditors Report thereon.		
2.	Declaration of Final Dividend.		
3.	Appointment of Shri Manish Satyanarayan Nuwal (DIN: 00164388) as a Director liable to retire by rotation.		
SPECIAL BUSINESS			
4.	Appointment of Shri Suresh Menon (DIN: 07104090) as a Director of the Company.		
5.	Appointment of Shri Suresh Menon (DIN: 07104090) as a Whole-time Director of the Company.		
6.	Ratification of Cost Auditor`s Remuneration.		
7.	To increase the Limits of Borrowings u/s 180 (1) (c) of the Companies Act, 2013.		
8.	To increase the Limits of Providing security u/s 180 (1) (a) of Companies Act, 2013 in connection with the Borrowing of the Company.		

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 at the address given below :

   Shri Tushar Pahade,
   Partner at M/s. Joshi Pahade & Associates,
   Practicing Company Secretaries
   Unit: Solar Industries India Limited.
   C/o.M/s. Link In-time India Pvt. Ltd.,
   C 101, 247 Park, L B S Marg,
   Vikhroli West, Mumbai 400 083, Or

   mail to his **e-mail id: tusharpahade@gmail.com,** so as to reach by **5:00 p.m. on Monday, July 30, 2018**. 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 Scrutinizer 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 In-time 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 authorized representative of the body corporate/Trust/Society, etc. a certified copy of the relevant authorization/Board resolution to vote should accompany the Ballot Form.

10. Instructions for e-voting procedure are available in the Notice calling 23rd Annual General Meeting of the Company and are also placed on the website of the Company (i.e. **www.solargroup.com**).

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