



GANDHI RATHI & CO.
CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Members of

Emul Tek Private Limited

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements to 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 the accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act and the Rules made there under including the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.
5. We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.



6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory requirements

9. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act ("the Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. As required by Section 143 (3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
 - c. The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
 - d. In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
 - e. On the basis of the written representations received from the directors as on March 31, 2018 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 A" to this report.
 - g. With respect to the other matters to be included in the Auditors' Report in accordance with



Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:

- I. The Company has disclosed the impact, if any, of pending litigations as at March 31, 2018 on its financial position in its financial statements.
- II. The Company has no long-term contracts for which there were material foreseeable losses.
- III. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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



C.N. Rathi
Partner
Membership No. 39895



Place: Nagpur
Date: April 13, 2018

"Annexure A" referred to in the Independent Auditor's report of even date on the financial statements of Emul Tek Private Limited

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

1. We have audited the internal financial controls over financial reporting of **Emul Tek Private Limited** ("the Company") as of March 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing as prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.



Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

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



C.N. Rathi
Partner
Membership No. 39895



Place: Nagpur
Date: April 13, 2018

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

Re: Emul Tek Private Limited (“the Company”)

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
(b) All fixed assets have been physically verified by the management during the year as per the regular programme of verification, which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies have been noticed on such verification.
(c) According to the information and explanation given by the management, the title deeds of immovable properties included in Property, plant and equipment are held in the name of the Company.
- ii. The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification.
- iii. According to information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- iv. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, in respect of the loans. There are no investments made or guarantees or securities granted in respect of which provisions of section 185 and 186 of the Act are applicable.
- v. In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits to which the provisions of Sections 73, 74, 75 and 76 or any other relevant provisions of the Act and the Rules framed there under to the extent notified. Accordingly clause 3 (v) of the Order is not applicable to the Company.
- vi. Pursuant to the rules made by the Central Government of India, the Company is not required to maintain cost records as specified under Section 148(1) of the Act in respect of its products as there is no production during the year.
 - i. a. According to the information and explanations given to us and the records of the Company examined by us, in our opinion, there are no undisputed statutory dues with respect to provident fund, employees’ state insurance, sales-tax, service tax, duty of custom, duty of excise, value added tax, local body tax, goods & service tax, income tax and cess.
b. According to the information and explanations given to us, no undisputed dues in respect of provident fund, employees’ state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, local body tax, cess, goods & service tax and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.



- c. There are no disputed dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax or goods & service tax which has not been deposited with the relevant authority.
- ii. According to the records of the Company examined by us and the information and explanation given to us, the Company did not have any outstanding dues in respect of debenture holders, loan or borrowings from banks or financial institutions or Government.
- iii. In our opinion and according to the information and explanations given by the management, the Company has not availed any term loan from bank. The Company has not raised money by way of Initial Public offer or further public offer (including debt instruments).
- iv. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- v. According to the information and explanations given by the management, the provisions of section 197 read with Schedule V of the Act is not applicable to the Company and hence reporting under clause 3 (xi) is not applicable and hence not commented upon.
- vi. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- vii. According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- viii. According to the information and explanations given to us and on an overall examination of the Balance Sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company and hence not commented upon.
- ix. According to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with him as referred to in section 192 of the Act. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- x. According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

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



C.N. Rathi
Partner
Membership No. 39895



Place: Nagpur
Date: April 13, 2018

Emul Tek Private Limited
Balance Sheet as at March 31, 2018
(All amounts in Rupees , unless otherwise stated)

Balance Sheet as at	Notes	March 31, 2018	March 31, 2017
ASSETS			
Non-current assets			
Property, plant and equipment	3	4,369,371	5,183,909
Capitas work-in-progress	3	16,341,177	144,810
Deferred tax assets	10	237,345	317,699
Other non-current assets	4a	2,186,895	186,895
Total non-current assets		23,134,788	5,833,313
Current assets			
Inventories	5	672,085	6,800
Financial assets			
Cash and cash equivalents	6	276,797	152,404
Bank balances other than cash and cash equivalents	6	709,201	659,655
Other financial assets	7	22,621	27,135
Other receivable	8	-	170,924
Other current assets	4b	3,481,254	1,893,685
Total current assets		5,161,957	2,910,604
Total assets		28,296,745	8,743,916
EQUITY AND LIABILITIES			
Equity			
Equity share capital	9	49,777,000	49,777,000
Other equity			
Reserves and surplus		(47,018,601)	(43,651,671)
Total equity		2,758,399	6,125,329
LIABILITIES			
Current liabilities			
Financial liabilities			
Borrowings	11	21,929,392	2,383,101
Trade payables	12	7,492	55,163
Other financial liabilities	13	3,473,244	121,151
Other current liabilities	14	128,218	59,172
Total current liabilities		25,538,346	2,618,587
Total liabilities		25,538,346	2,618,587
Total equity and liabilities		28,296,745	8,743,916

Summary of significant accounting policies

2

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

As per our report of even date attached

For Gandhi Rathi & Co.

Chartered Accountants

Firm's Registration Number: 103031W



Partner
 Membership No.39895



For and on behalf of the Board of Directors
Emul Tek Private Limited



A.K.Jain
 Director



S.L.Mundhada
 Director

Place: Nagpur

Date: April 13, 2018

Emul Tek Private Limited
Statement of Profit and Loss for the year ended March 31, 2018
(All amounts in Rupees , unless otherwise stated)

	Notes	Year ended March 31, 2018	Year ended March 31, 2017
Income			
Other income	15	50,264	52,341
Total income		50,264	52,341
Expenses			
Depreciation and amortisation expense	3	814,538	308,027
Other expenses	16	1,261,752	782,191
Finance costs	17	907,469	432,869
Total expenses		2,983,759	1,523,087
Profit before tax		(2,933,495)	(1,470,745)
Tax expense :			
Deferred tax charge on account of decrease in deferred tax asset		80,354	92,171
Income tax in respect with earlier years		353,081	-
Total tax expense		433,435	92,171
Total comprehensive income for the year		(3,366,930)	(1,562,916)
Earnings per equity share			
Basic and diluted earnings per share			
Profit attributable to the equity holders of the company used in calculating basic and diluted EPS:		(3,366,930)	(1,562,916)
Weighted average number of equity shares used as the denominator in calculating basic and diluted EPS		4,977,700	4,977,700
Basic and Diluted EPS attributable to the equity holders of the company (Rs.)		(0.68)	(0.31)
Summary of significant accounting policies	2		

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

As per our report of even date attached
For Gandhi Rathi & Co.
Chartered Accountants
Firm's Registration Number: 103031W



C. N. Rathi
Partner
Membership No.39895



For and on behalf of the Board of Directors of
Emul Tek Private Limited



A.K.Jain
Director



S.L.Mundhada
Director

Place: Nagpur
Date: April 13, 2018

Emul Tek Private Limited
Statement of cash flows for the year ended March 31, 2018
(All amounts in Rupees , unless otherwise stated)

	Year ended March 31, 2018	Year ended March 31, 2017
Cash flow from operating activities		
Profit before tax	(2,933,495)	(1,470,745)
Profit before income tax	(2,933,495)	(1,470,745)
Adjustments for		
Depreciation and amortisation expense	814,538	308,027
Dividend and interest income classified as investing cash flows	(50,264)	(52,341)
Finance costs	907,469	432,869
Change in operating assets and liabilities	(1,261,752)	(782,191)
(Increase)in inventories	(665,285)	(6,800)
(Decrease)/Increase in trade payables	(47,671)	2,519
Decrease in trade Receivable	170,924	-
Decrease in other financial assets	4,514	4,460
(Increase) in other non-current assets	(2,000,000)	(25,000)
(Increase) in other current assets	(1,587,568)	4,725
Increase /(Decrease) in other current liabilities	69,046	(5,818)
Increase /(Decrease) in other current liabilities	3,352,093	(457,350)
Cash generated from operations	(1,965,698)	(1,265,454)
Income taxes Net	353,081	-
Net cash inflow from operating activities	(2,318,779)	(1,265,454)
	Year ended March 31, 2018	Year ended March 31, 2017
Cash flows from investing activities		
Payments for property, plant and equipment <i>C W I P</i>	(16,196,367)	(958,608)
Loans given	-	(170,924)
Interest received	50,264	52,341
Net cash outflow from investing activities	(16,146,103)	(1,077,190)
Cash flows from financing activities		
(Repayment of)/ Proceeds from current borrowings	19,546,291	(179,876)
Interest paid	(907,469)	(432,869)
Net cash inflow (outflow) from financing activities	18,638,821	(612,744)
Net increase (decrease) in cash and cash equivalents	173,939	(2,955,389)
Cash and cash equivalents at the beginning of the financial year	812,059	3,767,448
Cash and cash equivalents at end of the year	985,998	812,059
Reconciliation of cash and cash equivalents as per the cash flow statement	March 31, 2018	March 31, 2017
Cash and cash equivalents as per above comprise of the following		
Cash and cash equivalents (as per note 6)	276,797	152,404
Bank balances other than cash and cash equivalents (as per note 6)	709,201	659,655
	985,998	812,059

As per our report of even date attached
For Gandhi Rathi & Co.
Chartered Accountants
Firm's Registration Number: 103031W



C. N. Rathi
Partner
Membership No.39895
Place: Nagpur
Date: April 13, 2018



For and on behalf of the Board of Director of
Emul Tek Private Limited



A.K.Jain
Director



S.L.Mundhada
Director

Emul Tek Private Limited
Statement of changes in equity
(All amounts in Rupees , unless otherwise stated)

A. Equity share capital

	Notes	Number of shares	Amount
As at April 1, 2017	9	4,977,700	49,777,000
Changes in equity share capital		-	-
As at March 31, 2018	9	4,977,700	49,777,000

B. Other equity

	Retained earnings	Total other equity
Balance at April 1, 2017	(43,651,671)	(43,651,671)
Total comprehensive income for the year	(3,366,930)	(3,366,930)
Balance at March 31, 2018	(47,018,601)	(47,018,601)

As per our report of even date attached
For Gandhi Rathi & Co.
Chartered Accountants
Firm's Registration Number: 103031W

For and on behalf of the Board of Directors of
Emul Tek Private Limited



C. N. Rathi
Partner
Membership No.39895




A.K.Jain
Director



S.L.Mundhada
Director

Place: Nagpur
Date: April 13, 2018

1. Corporate Information

Emul Tek Private Limited (the 'Company') is a company domiciled in India, with its registered office situated in Nagpur. The Company has been incorporated under the provisions of Indian Companies Act and is a wholly owned subsidiary of Solar Industries India Limited, which is listed 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.

2. Significant accounting policies

2.1 Basis of preparation

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

Statement of compliance

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

Current and non-current classification

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

2.2 Summary of significant accounting policies

a. Use of estimates:-

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

b. Property, Plant and Equipment :-

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



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

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

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

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

c. Intangible assets :

Intangible assets including software licenses of enduring nature and contractual rights acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated 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.

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)
Buildings:		
Factory buildings	30	30
Plant and Machinery:		
Factory Plant and Machinery	15 to 20	15 to 20
Furniture and fixtures	10	10
Vehicles	8 to 10	8 to 10
Office and other equipment	3 to 6	3 to 6

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

Leasehold Land is amortized over the period of the lease.

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

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



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

f. Borrowing costs :

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

g. Financial instruments :

i) Investments and other financial assets

Classification

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

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

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

Measurement

At initial recognition, the Company measures a financial asset at its fair value. Transaction costs of financial assets carried at fair value through the Profit and Loss are expensed in the Statement of Profit and Loss.

A. Debt instruments:

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. The Company classifies its debt instruments into following categories:

1. Amortised cost:

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using effective interest rate method.

2. Fair value through profit and loss:

Assets that do not meet the criteria of amortised cost are measured at fair value through Profit and Loss. Interest income from these financial assets is included in other income.



B. Equity instruments:

The Company measures its equity investment other than in subsidiaries and associates at fair value through profit and loss. However where the Company's management makes an irrevocable choice on initial recognition to present fair value gains and losses on specific equity investments in other comprehensive income (currently no such choice made), there is no subsequent reclassification, on sale or otherwise, of fair value gains to the statement of profit and loss.

ii) Financial liabilities

Classification

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

- those to be measured subsequently at fair value through the Statement of Profit and Loss, and
- those measured at amortised cost

Measurement

A. Financial liabilities at amortised cost

Financial liabilities at amortised cost represented by borrowings, trade and other payables are initially 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.

iii) Impairment of financial assets

The Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on financial assets. The Company measures the ECL associated with its assets based on historical trend, industry practices and the business environment in which the entity operates or any other appropriate basis. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Company follows 'simplified approach' for recognition of impairment loss allowance. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

ECL impairment loss allowance (or reversal) 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.

h. Revenue:

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is



measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

Based on the Educational Material on Ind AS 18 issued by the ICAI, the Company has assumed that recovery of excise duty flows to the Company on its own account. This is for the reason that it is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the Company on its own account, revenue includes excise duty only.

The specific recognition criteria described below must also be met before revenue is recognised.

i) Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

ii) Interest Income

Interest income is 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.

i. Inventories :-

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

Costs incurred in bringing each product to its present location and conditions 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.

j. 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 Parent Company and its Indian Subsidiaries for its employees covered under Company Gratuity Scheme. Under the gratuity plan, every employee who has completed at least specified 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. 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 and are not reclassified to profit and loss.

(iii) Leave encashment

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

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Remeasurements, 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 it does not have an unconditional right to defer its settlement for twelve months after the reporting date.

k. 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.



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.

I. Segment reporting:-

(i) Identification of segment

Operating segments are reported in the manner consistent with the internal reporting provided to the chief operating decision maker of the Company.

(ii) Segment accounting policies

The Company prepares its segment information in conformity with accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

m. Earnings per share (EPS)

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

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

The number of shares and potential dilutive equity shares are adjusted retrospectively for all periods presented for any bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

n. 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.



o. 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.

p. 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.



Emultek (P) Ltd;

Notes to Financial Statements

Note 3 : Property, Plant and equipment

	Leasehold Land	Factory Building	Plant & Machinery	Office & Other Equipments	Furniture & Fixtures	Vehicles	Total	Capital Work-in-progress
Gross carrying amount								
Gross carrying amount as at April 1, 2016	19,68,413	5,26,892	21,34,854	23,251	1,818	22,910	46,78,138	0
Additions	0	8,13,798	0	0	0	0	8,13,798	1,44,810
Gross carrying amount as at March 31, 2017	19,68,413	13,40,690	21,34,854	23,251	1,818	22,910	54,91,936	1,44,810
Accumulated depreciation								
Accumulated depreciation as at April 1, 2016	0	0	0	0	0	0	0	0
Depreciation charge during the year	0	28,459	2,79,569	0	0	0	3,08,027	0
Accumulated depreciation as at March 31, 2017	0	28,459	2,79,569	0	0	0	3,08,027	0
Net carrying amount as at March 31, 2017	19,68,413	13,12,231	18,55,286	23,251	1,818	22,910	51,83,909	1,44,810
Year ended March 31, 2018								
Gross carrying amount								
Gross carrying amount as at April 1, 2017	19,68,413	13,40,690	21,34,854	23,251	1,818	22,910	54,91,936	1,44,810
Additions	0	0	0	0	0	0	0	1,61,96,367
Gross carrying amount as at March 31, 2018	19,68,413	13,40,690	21,34,854	23,251	1,818	22,910	54,91,936	1,63,41,177
Accumulated depreciation								
Accumulated depreciation as at April 1, 2017	0	28,459	2,79,569	0	0	0	3,08,027	0
Depreciation/ Amortization Charges during the year	3,58,892	1,76,077	2,79,569	0	0	0	8,14,538	0
Accumulated depreciation as at March 31, 2018	3,58,892	2,04,536	5,59,137	0	0	0	11,22,565	0
Net carrying amount as at March 31, 2018	16,09,521	11,36,154	15,75,717	23,251	1,818	22,910	43,69,371	1,63,41,177



Emul Tek Private Limited
Notes to Financial Statements
(All amounts in Rupees , unless otherwise stated)

Note 4a: Other non-current assets

	March 31, 2018	March 31, 2017
Security Deposits	2,186,895	186,895
	2,186,895	186,895

Note 4b: Other current assets

	March 31, 2018	March 31, 2017
Balances with Revenue Authorities	3,379,855	1,465,601
Income Tax Receivable	74,886	428,085
Advances to staff	1,793	-
Advances to suppliers	24,720	-
	3,481,254	1,893,685

Note 5: Inventories

	March 31, 2018	March 31, 2017
Consumable	672,085	6,800
	672,085	6,800



Emul Tek Private Limited
Notes to Financial Statements
(All amounts in Rupees , unless otherwise stated)

Note 6 : Cash and cash bank balances

	March 31,2018	March 31, 2017
Balances with banks - in current accounts	274,025	143,280
Cash on hand	2,772	9,125
	276,797	152,404
Other bank balances		
Deposit accounts - held as margin money	709,201	659,655
	709,201	659,655

Note 7 : Other financial assets

	March 31,2018	March 31, 2017
Interest accrued but not due on Fixed Deposit	22,621	27,135
	22,621	27,135

Note 8 : Other receivable

	March 31,2018	March 31, 2017
Unsecured, considered good		
Other receivable from holding company	-	170,924
	-	170,924



Note 9: 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 Rs.10 each)	5,000,000	5,000,000	50,000,000	50,000,000
			50,000,000	50,000,000
Issued, Subscribed and fully paid share capital (face value Rs.10 each)	4,977,700	4,977,700	49,777,000	49,777,000
			49,777,000	49,777,000

(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	4,977,700	4,977,700	49,777,000	49,777,000
Number of Shares at the end of the year	4,977,700	4,977,700	49,777,000	49,777,000

(b) Terms/ rights attached to equity shares

The Company has one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(c) Equity shares held by ultimate holding/ holding company

	Number of Shares		Amount	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Ultimate holding/ Holding Company				
Solar Industries India Limited (par value Rs.10 each fully paid)	4,977,700	4,977,700	49,777,000	49,777,000
	4,977,700	4,977,700	49,777,000	49,777,000

(d) Details of equity shares held by shareholders holding more than 5% of the aggregate shares in the Company

Name of the shareholder	% holding		No of shares	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Solar Industries India Limited	100%	100%	4,977,700	4,977,700

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.



Emul Tek Private Limited
Notes to Financial Statements
(All amounts in Rupees , unless otherwise stated)

Note 10: Deferred tax Assets

The balance comprises temporary differences attributable to:

	March 31, 2018	March 31, 2017
Property, plant and equipment and investment property	237,345	317,699
	237,345	317,699

Note 11: Current borrowings

	March 31, 2018	March 31, 2017
Unsecured		
From Holding Company	21,929,392	-
From Fellow Subsidiary	-	2,504,252
	21,929,392	2,504,252
Less: Interest accrued (included in note 13)	-	121,151
	21,929,392	2,383,101

Note :12 Trade payables

	March 31, 2018	March 31, 2017
Trade payables	7,492	55,163
	7,492	55,163

Note 13 : Other financial liabilities

	March 31, 2018	March 31, 2017
Interest accrued on Borrowing	-	121,151
Capital creditors		
Others	573,262	-
Related Party	1,840,741	-
Other Credit Balance		
Related Party	1,059,241	
	3,473,244	121,151

Note 14: Other current liabilities

	March 31, 2018	March 31, 2017
Statutory Dues	110,218	40,629
Other	18,000	18,543
	128,218	59,172



Emul Tek Private Limited
Notes to Financial Statements
(All amounts in Rupees , unless otherwise stated)

Note 15: Other income

	March 31, 2018	March 31, 2017
Interest Income		
On financial assets carried at amortised cost		
On Deposits with Bank	50,035	51,216
Interest on Income Tax Refund	228	1,125
	50,264	52,341

Note 16: Other expenses

	March 31, 2018	March 31, 2017
Consumption of consumable stores	43,149	-
Water and electricity charges	20,989	14,228
Repair		
Plant & Machinery	187,497	-
Other	121,500	-
Building	-	6,570
Staff Welfare expenses	249	-
Rates and taxes	224,106	167,324
Legal and professional fees	-	2,620
Travel and conveyance	10,085	-
Printing and stationery	1,710	3,426
Insurance Charges	6,526	4,769
Consultancy/Professional Fees	31,150	22,000
Factory Expenses	19,681	43,947
Office Expenses	17,382	49,998
Security Service Charges	557,727	444,409
Payments to auditors	20,000	22,900
	1,261,752	782,191

Note 17: Finance costs

	March 31, 2018	March 31, 2017
Interest on Borrowings		
Related Parties	795,645	366,215
Bank Charges	111,824	66,654
	907,469	432,869



Note 18: Commitments and contingencies

Contingent liabilities

Particulars	March 31, 2018	March 31, 2017
Performance guarantees given by the Company	12,182,000	12,182,000
	12,182,000	12,182,000

A Names of related parties and related party relationship :

I Holding Company

Solar Industries India Limited

II Key Management Personnel (KMP)

- 1 Shri S L Mundhada
- 2 Shri Anil Kumar Jain
- 3 Shri K.S. Rao

III Key Management Personnel of Holding Company

- 1 Shri S N Nuwal
- 2 Shri K C Nuwal
- 3 Shri Manish Nuwal
- 4 Shri R D Vakil
- 5 Shri Nilesh Panpaliya
- 6 Smt Khushboo Pasari

IV Subsidiaries, step down subsidiaries and associates of Holding Company

- 1 Solar Overseas Mauritius Limited
- 2 Economic Explosives Limited
- 3 Solar Defence Limited. - (Note 1)
- 4 Solar Defence Systems Limited. - (Note 1)
- 5 Solar Mines & Minerals Limited - (Note 4)
- 6 Solar Mining Resources Limited - (Note 4)
- 7 Blastec India Private Limited
- 8 Solar Overseas Netherlands Cooperative U.A - (c)
- 9 Solar Overseas Singapore Pte Limited - (c)
- 10 Solar Industries Africa Limited- (c)
- 11 Solar Mining Services Pty Limited (Formely known as Australian Explosives Technologies Group Pty Limited)-(e)
- 12 Solar Overseas Netherlands B.V. - (a)
- 13 Solar Nitro chemicals Limited -(Note 1) & (d)
- 14 P.T. Solar Mining Services - (Note 1) & (b)
- 15 Solar Explochem (Ghana) Limited - (Note 2) & (b)
- 16 Solar Industries Mozambique LDA - (c)
- 17 Nigachem Nigeria Limited - (a)
- 18 Solar Explochem Zambia Limited - (a)
- 19 Solar Mining Services Pty Limited - (a)
- 20 Solar Patlayici Maddeler Sanayi Ve Ticaret Anonim Sirketi - (b)
- 21 PATSAN Patlayici Maddeler Sanayi Ve Ticaret Anonim Sirketi - (Note 3) & (b)
- 22 Solar Bhatgaon Extension Mines Pvt. Limited - (Note 1)
- 23 SMS Bhatgaon Mines Extension Pvt. Limited - (Note 1)
- 24 Solar Nitro Ghana Limited- (b)
- 25 Solar Madencilik Hizmetleri A.S- (b)



V Enterprises, over which control or significant influence is exercised by individuals listed in 'II' or 'III' above

- 1 Mahakal Infrastructures Private Limited
- 2 Mahakal Project Private Limited
- 3 Nagpur Infrastructure Private Limited
- 4 Solar Processors (Bhilwara) Limited
- 5 Gulmohar Developers and Constructions Private Limited
- 6 Sun Developers and Constructions Private Limited
- 7 Sunbeam Developers and Constructions Private Limited
- 8 Sundrop Realtors Private Limited
- 9 Sunland Infracon Private Limited
- 10 Sunlight Infraventures Private Limited
- 11 Commercial Sales Corporation
- 12 Solar Initiating Systems Limited - (Note 4)
- 13 Solar Synthetics Private Limited
- 14 Sundrop Developers and Ventures LLP

Note 1: The Entity has not commenced its business operations

Note 2: During the financial year under review, in continuation of the efforts to realign the group structure and consolidate the multi layered structure, the board has decided to dissolve these companies.

Note 3: Under Liquidation.

Note 4: Merged with Economic Explosives Limited with effect from April 1, 2017 as per order received from NCLT

- (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 subsidiaries of Solar Industries Africa Limited
- (e) Majority Owned and Controlled Subsidiaries of Solar Overseas Singapore PTE Limited.



Emul Tek Private Limited
Notes to Financial Statements for the year ended March 31, 2018
(All amounts in Rupees , unless otherwise stated)

The following details pertain to transactions carried out with the related parties in the ordinary course of business and the balances outstanding at the year-end:

Nature of Transaction	Holding Company		Fellow Subsidiaries		Key Management Personnel		Enterprises, over which control or significant influence is exercised by individuals listed in 'II' or 'III' above
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	
a. Transactions with related parties							
Loans taken / (repaid) during the year (net)	21,929,392	(2,231,846)	(2,504,252)	1,594,620	-	-	-
Interest on inter-corporate loans	575,820	245,064	219,825	121,151	-	-	-

b. Balances as at the year end

Nature of Transaction	Holding Company		Fellow Subsidiaries		Key Management Personnel		Enterprises, over which control or significant influence is exercised by individuals listed in 'II' or 'III' above
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	
Loans O/s	21,929,392	-	-	2,504,252	-	-	-
Other Receivable	-	170,924	-	-	-	-	-
Capital Creditors	1,840,741	-	-	-	-	-	-
Other Credit Balance	1,059,241	-	-	-	-	-	-



Transactions with related parties during the year

Nature of Transaction	March 31, 2018	March 31, 2017
Loans taken/(repaid)during the year (net)		
Solar Industries India Limited	21,929,392	(2,231,846)
Blastec india Pvt Ltd	(2,504,252)	1,594,620
Total	19,425,140	(637,226)
Interest on inter-corporate loans Paid (net)		
Solar Industries India Limited	575,820	245,064
Blastec india Pvt Ltd	219,825	121,151
Total	795,645	366,215

Balance outstanding at the year end were as follows:

Balances as at year end	March 31, 2018	March 31, 2017
Other Receivable		
Solar Industries India Limited	-	170,924
Total	-	170,924
Loans Taken		
Blastec india Pvt Ltd	-	2,504,252
Solar Industries India Limited	21,929,392	-
Total	21,929,392	2,504,252
Capital Creditors		
Solar Industries India Limited	1,840,741	-
Total	1,840,741	-
Other Credit Balance		
Solar Industries India Limited	1,059,241	-
Total	1,059,241	-

Note 19: Segment Information

The Board of Directors of the Company have been identified as the Chief Operating Decision Maker (CODM) as defined by Ind AS 108. The CODM evaluates the Company's performance and allocates the resources. The Company is exclusively engaged in the business of manufacturing of explosives and its accessories. The entire operation is governed by the same set of risk and returns confirmed as representing a single operating segment and not analysed separately.

Geographical Information

The Company would cater mainly to the needs of Indian Markets. Currently there is no revenue and hence there are no reportable geographical segments.



Note 20: Fair Value Measurements

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

- 1 The Company has not disclosed the fair values of financial instruments such as cash and cash equivalents, bank balances, bank deposits, other receivables, other financial assets , trade payables, other financial liabilities 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 For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.
- 3 Fair values of the Company's interest-bearing borrowings are determined by using discounted cash flow method using the current borrowing rates. The non-current borrowings are classified as level 3 fair values in the fair value hierarchy due to inclusion of unobservable inputs including own credit risk. The own non-performance risk was assessed to be insignificant.

A. Fair Value Hierarchy

Level 1- Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2- Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3- Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

The carrying value and fair value of financial instruments by categories including the quantitative disclosures of fair value measurement hierarchy as at **March 31, 2018** is as follows:

Particulars	Carrying Value	Notes	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets					
Amortised cost					
Cash and cash equivalents	276,797	6			
Bank balances other than cash and cash equivalents	709,201	6			
Other financial assets	22,621	7			
Total Financial assets	1,008,619		-	-	-
Financial Liabilities					
Amortised cost					
Borrowings					
Current	21,929,392	11	-	-	21,929,392
Trade payables	7,492	12	-	-	-
Other financial liabilities	3,473,244	13	-	-	-
Total Financial liabilities	25,410,128		-	-	21,929,392

There have been no transfers among Level 1, Level 2 and Level 3 during the period.

The carrying value and fair value of financial instruments by categories including the quantitative disclosures of fair value measurement hierarchy as at **March 31, 2017** is as follows:

Particulars	Carrying Value	Notes	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets					
Amortised cost					
Cash and cash equivalents	152,404	6	-	-	-
Bank balances other than cash and cash equivalents	659,655	6	-	-	-
Other financial assets	27,135	7	-	-	-
Other receivable	170,924	8	-	-	-
Total Financial assets	1,010,118		-	-	-
Financial Liabilities					
Amortised cost					
Borrowings					
Current	2,383,101	11	-	-	2,383,101
Trade payables	55,163	12	-	-	-
Other financial liabilities	121,151	13	-	-	-
Total Financial liabilities	2,559,415		-	-	2,383,101



Note 21: Financial risk management objectives and policies

The Company's financial assets includes trade receivables, cash and cash equivalents that comes directly from its operations and financial liabilities comprises of borrowings, trade and other payables. 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.

The following table mentions the risk the Company is exposed to and how it manages it

Risk	Exposure arising from	Measurement	Management
Market Risk- Interest rate risk	Borrowings	Sensitivity Analysis	Interest Rate Swaps
	Term Deposits		
Market Risk-Foreign Exchange	Recognised financial assets and liabilities not denominated in INR	Cash Flow Analysis	Forward Foreign Exchange Contracts
		Sensitivity Analysis	
Credit Risk	Cash and Cash equivalents, trade receivables and investments	Ageing Analysis	Diversification of credit limits and letters of credit
		Credit Analysis	
Liquidity Risk	Borrowing and other liabilities	Cash Flow forecasts	Availability of credit limits and borrowing facilities

Market Risk

Market Risk is the risk that the future value of a financial instrument will fluctuate due to moves in the market factors. The most common types of market risks include

- interest rate risk,
- foreign currency risk and
- equity price risk.

Market risk is attributable to all market risk sensitive financial instruments. The finance department undertakes management of cash resources, hedging strategies for foreign currency exposures, borrowing mechanism and ensuring compliance with market risk limits.

Interest Rate Risk

Interest rate risk is the risk that the future cash flows or the fair value of a financial instrument will fluctuate because of changes in market interest rates.

The Company has mainly borrowed the funds from its holding/ fellow subsidiary companies which are at fixed rate of Interest and hence not much sensitive to the market interest rates.

The Company does not have significant investment in Bank deposits so not much exposed to Interest rate sensitivity.

Foreign Currency Risk

There is no foreign currency Borrowing in the Company and hence no foreign currency Risk. Further there are no significant foreign currency transactions in the Company.

Equity price risk

There is no investment in Company and hence no equity price risk

Credit risk

Credit risk arises from the possibility that the counter party may not be able to settle their obligation as agreed. To manage this, the Company periodically assesses financial reliability of customers and other counter parties, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of financial assets. Individual risk limits are periodically reviewed on the basis of such information.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised as income in the statement of profit and loss.

Cash and cash equivalents and deposits: Balances and deposits with banks are subject to low credit risks due to good credit ratings assigned to the banks.

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.



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	21,929,392	-	-	-	-	21,929,392
Trade payables	-	7,492	-	-	-	7,492
Others Financial Liabilities						
From related party	-	1,840,741	-	-	-	1,840,741
Others	-	573,262	-	-	-	573,262
Other Credit Balance						
Related Party	1,059,241	-	-	-	-	1,059,241
March 31, 2017						
Borrowings						
From related party	2,504,252	-	-	-	-	2,504,252
Trade payables	-	55,163	-	-	-	55,163



Emul Tek Private Limited
Notes to Financial Statements for the year ended March 31, 2018
(All amounts in Rupees , unless otherwise stated)

Note 22: Capital Management

For the purpose of Company's capital management, capital includes issued share capital, share premium and all other equity reserves. The primary objective of capital management is to maximise shareholder value. The company consider the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and risk managements of the underlying assets.

The Company monitors capital using gearing ratio, which is net debt divided by total capital plus net debt.

	March 31, 2018	March 31, 2017
Net Debt	20,943,394	1,571,042
Equity	2,758,399	6,125,329
Capital and net debt	23,701,793	7,696,371
Gearing ratio	88.36%	20.41%

Calculation of Net Debt is as follows:

	March 31, 2018	March 31, 2017
Borrowings		
Current	21,929,392	2,383,101
	21,929,392	2,383,101
Cash and cash equivalents	276,797	152,404
Bank balances other than cash and cash equivalents	709,201	659,655
	985,998	812,059
Net Debt	20,943,394	1,571,042

As per our report of even date attached
For Gandhi Rathi & Co.
Chartered Accountants
Firm's Registration Number: 103031W



C. N. Rathi
Partner
Membership No.39895
Place: Nagpur
Date: April 13, 2018



For and on behalf of the Board of Director of
Emul Tek Private Limited



A.K.Jain
Director



S.L.Mundhada
Director