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## **INDEPENDENT AUDITORS' REPORT**

To the Members of Solar Industries India Limited

### **Report on the Audit of the Standalone Ind AS Financial Statements**

#### **Opinion**

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, 2020, 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 notes to the standalone Ind AS financial statements, including a summary of significant accounting policies and other explanatory information

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("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, 2020, its profit including other comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

#### **Basis for Opinion**

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditors' Responsibilities for the Audit of the Standalone Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. 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.

#### **Emphasis of Matter**

We draw attention to Note 37 of the standalone Ind AS financial statements, which describes the Management's assessment of the impact of the outbreak of COVID-19 on the business operations and financial position of the Company.

Our opinion is not modified in respect of this matter.



**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the standalone Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone Ind AS financial statements.

Key audit matters	How our audit addressed the key audit matter
<b>Revenue Recognition</b> (as described in note 2.2 (j) of the standalone Ind AS financial statements)	
<p>Revenue from sale of goods is recognized as outlined in note 18 of the standalone Ind AS financial statements.</p> <p>The Company estimate provision for powder factor on sales made to certain customers which is generally the percentage of blast output achieved at the time of blasting of the products at the customers' site. Powder factor is based on the agreement with customer, volume of output achieved at the site, which is measured at a later date. Accordingly, the provision is made based on the likely powder factor to be achieved on current sales which is reduced from the sales for the period.</p> <p>As at March 31, 2020, the Company is carrying a powder factor provision of Rs. 11.37 crore.</p> <p>This is a key audit matter as significant estimate is involved to establish the percentage of blast output achieved, the settlement of which happens in future as per the terms of contract and mutual agreement.</p>	<p>Our audit procedures included and were not limited to the following:</p> <ul style="list-style-type: none"> <li>• Evaluated the Company's accounting policies pertaining to revenue recognition and assessed compliance with those policies in terms of Ind AS 115 (Revenue from contract with customers).</li> <li>• Assessed and tested the design and operating effectiveness of the Company's internal financial controls over the estimation of powder factor provision. We obtained an understanding of the key controls management has in place to monitor the powder factor provision.</li> <li>• Read the agreement with customers for validating terms relating to powder factor.</li> <li>• Assessed the key management assumptions/ judgement relating to various parameters for measuring / estimating the amount of such powder factor provisions.</li> <li>• We tested on sample basis, the accuracy of the underlying data used for computation of powder factor provisions and verified the arithmetical accuracy of powder factor provision.</li> <li>• Evaluated the historical trend against the actual powder factor deduction.</li> </ul>





Key audit matters	How our audit addressed the key audit matter
	<ul style="list-style-type: none"> <li>Assessed and reviewed the disclosures made by the Company in the standalone Ind AS financial statements.</li> </ul>
<p><b>Carrying value of trade receivables</b> (as described in note 2.2 i (4) of the standalone Ind AS financial statements)</p>	
<p>As at March 31, 2020, trade receivables constitutes approximately 15% of total assets of the Company. The Company is required to regularly assess the recoverability of its trade receivables.</p> <p>The Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on trade receivables. The Company uses a provision matrix to determine impairment loss allowance. The provision matrix is based on its historically observed default rates over the expected life of trade receivables and is adjusted for forward looking estimates which is also outlined in note 2.2 i (4) of the standalone Ind AS financial statements.</p> <p>This is a key audit matter as significant judgement is involved to establish the provision matrix.</p> <p>The trade receivables balance, credit terms and aging as well as the Company's policy on impairment of receivables have been disclosed in note 7 to the standalone Ind AS financial statements.</p>	<p>Our audit procedures included and were not limited to the following:</p> <ul style="list-style-type: none"> <li>Evaluated the Company's accounting policies pertaining to impairment of financial assets and assessed compliance with those policies in terms of Ind AS 109 (Financial Instruments).</li> <li>Assessed and tested the design and operating effectiveness of the Company's internal financial controls over provision for expected credit loss.</li> <li>Evaluated management's assumption and judgment relating to various parameters which includes the historical default rates and business environment in which the entity operates for estimating the amount of such provision.</li> <li>Evaluated management's assessment of recoverability of the outstanding receivables and recoverability of the overdue / aged receivables through inquiry with management, and analysis of collection trends in respect of receivables.</li> <li>Assessed and reviewed the disclosures made by the Company in the standalone Ind AS financial statements.</li> </ul>
<p><b>Receivables under Package Scheme of Incentives 2007 (PSI)</b></p>	
<p>The Company was eligible to claim benefits under Package Scheme of Incentives 2007, for the sales tax paid by eligible industrial unit as per Maharashtra Value Added Tax, 2002.</p> <p>From July 1, 2017, post the implementation of Goods and Service Tax (GST), The Industry, Energy and Labour Department, Government of Maharashtra (Department), issued a notification dated June 12, 2018, which clarified that Units can continue to claim benefit under PSI Scheme by claiming 100% of State GST (SGST) paid by</p>	<p>Our audit procedures included and were not limited to the following:</p> <ul style="list-style-type: none"> <li>Read the PSI scheme and evaluated the eligibility of the Company to claim incentives.</li> <li>Read the notification issued by The Industry, Energy and Labour Department, Government of Maharashtra relating to continuation of benefits on SGST paid by</li> </ul>



Key audit matters	How our audit addressed the key audit matter
<p>eligible industrial unit. Accordingly, the Company is accruing incentive @100% of SGST paid by the Company in Maharashtra.</p> <p>Total outstanding receivable of PSI incentive relating to above as at March 31, 2020 is Rs. 86.04 crore.</p> <p>This is a key audit matter as significant judgement is involved to establish the recoverability and the timing of receipt of the above amounts.</p>	<p>eligible Units and evaluated its impact on Company's eligibility of PSI incentive.</p> <ul style="list-style-type: none"> <li>• Evaluated the historical trend of receiving amounts under PSI Scheme as against the claims filed.</li> <li>• Read the correspondences with the government department relating to incentive claims filed by the Company.</li> <li>• Evaluated management's assessment of the recoverability of the outstanding receivables and recoverability of the overdue / aged receivables and timing of the receipt through inquiry with management, and analysis of collection trends in respect of receivables.</li> </ul>

**Information Other than the Financial Statements and Auditors' Report Thereon**

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the standalone Ind AS financial statements and our auditors' report thereon.

Our opinion on the standalone Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of Management 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 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 the 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 controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.





In preparing the standalone Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

#### **Auditors' Responsibilities for the Audit of the Standalone Ind AS Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements for the financial year ended March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### 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 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 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 the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act. Further, as more fully described in Note 29D of the standalone Ind AS financial statements, one of the director, Mr. Kailash Chandra Nuwal, has vacated the office of director with effect from November 7, 2019 due to violation of certain provisions of the Act;
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
  - (g) In our opinion, the managerial remuneration for the year ended March 31, 2020 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
  - (h) 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, as amended 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 has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 25 to the standalone Ind AS financial statements;
- 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 Reg. number: 139703W



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



UDIN: 20161910AAAABK1125

Place: Nagpur  
Date: July 31, 2020

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



per **Pramod Kumar Bapna**  
Partner  
Membership No.: 105497



UDIN: 20105497AAAACC6624

Place: Mumbai  
Date: July 31, 2020





**ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF SOLAR INDUSTRIES INDIA LIMITED**

(Referred to in paragraph I, under 'Report on Other Legal and Regulatory Requirements' section of our Report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
- (b) All property, plant and equipment 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 information and explanations given by the management, the title deeds / lease deeds of immovable properties included in property, plant and equipment are held in the name of the Company except for freehold land of Rs. 15.22 crore which is in the process of getting transferred 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 Act. 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 Act. 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 Act which are overdue for more than ninety days.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not advanced loans to directors / to a company in which the Director is interested to which provisions of section 185 of the Act apply and hence not commented upon. The Company has made investments / given loans / guarantees which are in compliance to the provision of Section 186 of the Act.
- (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 Act, 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, duty of custom, 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, duty of custom, 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 custom, duty of excise, value added tax, cess and provident fund on account of any dispute, are as follows:

Name of the statute	Nature of the dues	Amount (Rs. in crore)	Amount deposited under protest (Rs. in crore)	Period to which the amount relates	Forum where the dispute is pending
Central Excise Act, 1944	Demand of excise duty (including penalty)	4.53	0.20	2000-2009	Tribunal
Central Excise Act, 1944	Demand of excise duty (including penalty)	0.68	0.03	2015-2017	Commissionerate
Central Excise Act, 1944	Demand of excise duty (including penalty)	0.10	0.09	2011-2016	High Court
Central Sales Tax Act, 1956 and State Sales Tax Act	Demand of CST and VAT	0.42	0.04	2008-2009	Tribunal
Central Sales Tax Act, 1956 and State Sales Tax Act	Demand of CST and VAT	0.34	0.03	2013-2015	Commissionerate
State Sales Tax Act	Demand of VAT	0.43	0.07	2013-2016	High Court
Employee Provident Fund	Demand of Provident Fund Contribution	0.15	0.15	2015-2017	Appellate Authority

- (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 or bank. The Company does not have any loans or borrowings from any government or debenture holders during the year.
- (ix) According to the information and explanations given by the management, the Company has not raised any money way of initial public offer / further public offer / debt instruments, but has raised money by way of term loans which was applied for the purpose for which it was 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 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 Act.
- (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 the Act where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards, except for transaction with AG Technologies Private Limited relating to rent (amount involved - Rs. 0.32 crore) - Refer Note 29D of the standalone Ind AS financial statements.
- (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 the Act.
- (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 Reg. number: 139703W



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



UDIN: 20161910AAAABK1125

Place: Nagpur  
Date: July 31, 2020

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



**per Pramod Kumar Bapna**  
Partner  
Membership No.: 105497



UDIN: 20105497AAAACC6624

Place: Mumbai  
Date: July 31, 2020





**ANNEXURE 2 TO THE INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF SOLAR INDUSTRIES INDIA LIMITED**

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

We have audited the internal financial controls over financial reporting of Solar Industries India Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the standalone Ind AS 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 Act.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these standalone Ind AS financial statements 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 Act, 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 with reference to these standalone Ind AS financial statements 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 over financial reporting with reference to these standalone Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these standalone Ind AS financial statements, 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 auditors' 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 over financial reporting with reference to these standalone Ind AS financial statements.



### Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Financial Statements

A company's internal financial control over financial reporting with reference to these standalone Ind AS financial statements 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 with reference to these standalone Ind AS financial statements 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 With Reference to these Standalone Ind AS Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these standalone Ind AS financial statements, 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 with reference to these standalone Ind AS financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these standalone Ind AS financial statements 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, adequate internal financial controls over financial reporting with reference to these standalone Ind AS financial statements and such internal financial controls over financial reporting with reference to these standalone Ind AS financial statements were operating effectively as at March 31, 2020, 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 Reg. number: 139703W



per Akshay Rathi  
Proprietor  
Membership No.: 161910



UDIN: 20161910AAAABK1125

Place: Nagpur  
Date: July 31, 2020

For SRBC & CO LLP  
Chartered Accountants  
ICAI Firm Reg. number: 324982E/E300003



per Pramod Kumar Bapna  
Partner  
Membership No.: 105497



UDIN: 20105497AAAACC6624

Place: Mumbai  
Date: July 31, 2020






Solar Industries India Limited  
Balance Sheet as at March 31, 2020  
(All amounts in ₹ Crores, unless otherwise stated)

	Notes	As at March 31, 2020	As at March 31, 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, Plant and Equipment	3A	539.68	468.12
Capital work in progress	3A	30.43	72.98
Intangible assets	3B	3.69	2.10
Intangible assets under development	3B	1.91	0.90
Right-of-use assets	3D	1.43	0.13
Financial assets			
Investments	4	129.85	62.10
Loans	5	122.36	175.48
Other financial assets	6	16.68	7.73
Current tax assets (net)		13.28	6.11
Other non-current assets	9	28.00	9.60
<b>Total non-current assets</b>		<b>887.31</b>	<b>805.25</b>
<b>Current assets</b>			
Inventories	10	100.28	93.57
Financial assets			
Investments	4	0.02	30.08
Trade receivables	7	205.96	185.49
Cash and cash equivalents	8	62.86	19.94
Bank balances other than cash and cash equivalents	8	2.12	7.37
Loans	5	25.64	38.32
Other financial assets	6	75.63	80.38
Other current assets	9	24.64	31.28
<b>Total current assets</b>		<b>497.15</b>	<b>486.43</b>
Non-current assets classified as held for sale	3C		0.53
<b>Total assets</b>		<b>1,384.46</b>	<b>1,292.21</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	11	18.10	18.10
Other equity	11A	1,003.28	866.95
<b>Total equity</b>		<b>1,021.38</b>	<b>885.05</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
Borrowings	12	63.45	36.89
Other financial liabilities	3D	0.35	
Deferred tax liabilities (net)	14	72.24	91.00
<b>Total non-current liabilities</b>		<b>136.04</b>	<b>127.89</b>
<b>Current liabilities</b>			
Financial liabilities			
Borrowings	13	38.74	45.22
Trade payables	15		
a) total outstanding dues to micro enterprises and small enterprises		4.30	3.24
b) total outstanding dues to creditors other than micro enterprises and small enterprises		102.03	83.03
Other financial liabilities	16	63.34	127.95
Current tax liabilities (net)			1.82
Other current liabilities	17	15.18	14.55
Provisions	17A	3.45	3.46
<b>Total current liabilities</b>		<b>227.04</b>	<b>279.27</b>
<b>Total liabilities</b>		<b>363.08</b>	<b>407.16</b>
<b>Total equity and liabilities</b>		<b>1,384.46</b>	<b>1,292.21</b>
<b>Summary of significant accounting policies</b>			
		2.2 and 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: July 31, 2020




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

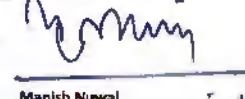
  
per Prantosh Kumar Bapas  
Partner  
Membership No. - 105497

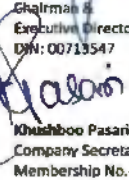
Place: Mumbai  
Date: July 31, 2020




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: July 31, 2020



Solar Industries India Limited  
Statement of Profit and Loss for the year ended March 31, 2020  
(All amounts in ₹ Crores, unless otherwise stated)

	Notes	Year ended March 31, 2020	Year ended March 31, 2019
Revenue from operations	18	1,511.54	1,663.22
Other income	19	35.35	21.22
<b>Total income</b>		<b>1,546.89</b>	<b>1,684.44</b>
<b>Expenses</b>			
Cost of materials consumed	20	872.12	968.99
Purchases of stock-in-trade		102.27	92.77
Changes in inventories of finished goods, work-in-progress and stock-in-trade	21	(13.95)	13.92
Employee benefit expense	22	94.10	91.12
Finance costs	23	12.17	11.92
Depreciation and amortisation expense	24	33.96	28.93
Other expenses	25	193.78	183.25
<b>Total expenses</b>		<b>1,294.45</b>	<b>1,390.90</b>
<b>Profit before Exceptional items &amp; tax</b>		<b>252.44</b>	<b>293.54</b>
Exceptional items (net)		-	(6.05)
<b>Profit before tax</b>		<b>252.44</b>	<b>287.49</b>
Tax expense :			
- Current tax		57.59	88.77
- Adjustment of tax relating to earlier periods		-	(2.11)
- Deferred tax		(18.55)	9.36
<b>Total tax expense</b>	14	<b>39.04</b>	<b>96.02</b>
<b>Profit for the year</b>		<b>213.40</b>	<b>191.47</b>
<b>Other comprehensive income/ (loss)</b>			
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurement gain/ (loss) on defined benefit plans		(0.59)	0.09
Income tax effect		0.15	(0.03)
		(0.44)	0.06
<i>Items that will be reclassified to profit or loss</i>			
Net movement on Cash Flow Hedge Reserve		(0.28)	(0.37)
Income tax effect		0.07	0.13
		(0.21)	(0.24)
<b>Total Other comprehensive income/ (loss) for the year, net of tax</b>		<b>(0.65)</b>	<b>(0.18)</b>
<b>Total comprehensive income for the year</b>		<b>212.75</b>	<b>191.29</b>
Earnings per equity share			
Basic and Diluted earnings per share	26	23.58	21.16
Summary of significant accounting policies	2.2 and 2.3		

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


As per our report of even date attached  
For Akshay Ratih & Associates  
Chartered Accountants  
ICAI Firm Registration Number:139703W

  
per Akshay Ratih  
Proprietor  
Membership No. - 161910



Place: Nagpur  
Date: July 31, 2020

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

  
per Pramod Kumar Bapna  
Partner  
Membership No. - 105497





Place: Mumbai  
Date: July 31, 2020

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

  
S.N. Nuwal  
Chairman &  
Executive Director  
DIN: 00713547  
  
Khashki Pasari  
Company Secretary  
Membership No. - F7347

Place: Nagpur  
Date: July 31, 2020

  
Manish Nuwal  
Managing Director &  
CEO  
DIN: 00164388  
  
Nilesh Panpallya  
Chief Financial Officer





## Solar Industries India Limited

## Statement of Cash flows for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

	Year ended March 31, 2020	Year ended March 31, 2019
<b>Cash flows from operating activities</b>		
Profit before tax	252.44	287.49
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and amortisation expense	33.96	28.93
Net gain on disposal of property, plant and equipment	(0.41)	(0.05)
Net loss on financial assets mandatorily measured at fair value through profit and loss	0.22	-
Profit on sale of financial assets carried at fair value through profit and loss	(0.94)	(1.91)
Dividend and interest income	(16.85)	(15.35)
Excess provision of Interest on Income Tax written back	(1.08)	-
Finance costs	12.17	11.92
Impairment loss on trade receivable	5.42	4.82
Bad debts written off	0.04	3.70
Loans and advances written off	0.04	0.16
Fair value changes on derivatives not designated as hedges	-	6.02
Effect of Exchange Rate Change	(7.09)	9.15
Exceptional item (net)	-	6.05
<b>Operating profit before working capital changes</b>	<b>277.92</b>	<b>340.93</b>
<b>Working capital adjustments :</b>		
(Increase)/Decrease in trade receivables	(26.66)	(38.87)
(Increase)/Decrease in inventories	(6.71)	(2.91)
Increase/(Decrease) in trade payables	19.51	27.00
(Increase)/Decrease in other assets	(3.32)	(29.16)
Increase/ (Decrease) in other liabilities	(0.37)	(0.22)
<b>Cash generated from operations</b>	<b>260.37</b>	<b>296.77</b>
Less : Income taxes paid	65.48	87.00
<b>Net cash flows from operating activities</b>	<b>194.89</b>	<b>209.77</b>
<b>Cash flows from Investing activities</b>		
Purchase of property, plant and equipment, including capital work in progress and capital advances	(75.48)	(116.40)
Proceeds from sale of property, plant and equipment	0.99	2.30
Loan given to related parties	(715.19)	(537.41)
Loan recovered from related parties	727.86	462.72
Loans (given)/recovered from others	(3.03)	75.67
Proceeds from (Purchase)/ sale of non-current investments	-	(4.86)
Proceeds from (Purchase)/ sale of current investments	31.00	(19.88)
(Investment)/Redemption in fixed deposits	5.25	(1.47)
Dividend and interest income received	17.33	10.11
<b>Net cash flows from/ (used in) investing activities</b>	<b>(11.27)</b>	<b>(129.22)</b>
<b>Cash flows from financing activities</b>		
Proceeds from non-current borrowings	81.23	97.33
Repayment of non-current borrowings	(124.64)	(108.23)
Proceeds from / (Repayment of) current borrowings	(6.48)	23.49
Payment of principal portion of lease liabilities	(0.22)	-
Interest paid	(14.23)	(11.79)
Dividend Paid (including Dividend Distribution Tax)	(76.36)	(65.45)
<b>Net cash flows from/ (used in) financing activities</b>	<b>(140.70)</b>	<b>(64.65)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>42.92</b>	<b>15.90</b>
Add:-Cash and cash equivalents at the beginning of the year	19.94	4.04
<b>Cash and cash equivalents at end of the year (refer note 8)</b>	<b>62.86</b>	<b>19.94</b>



Solar Industries India Limited  
Statement of Cash flows for the year ended March 31, 2020  
(All amounts in ₹ Crores, unless otherwise stated)

Changes in liabilities arising from financing activities

Particulars	March 31, 2019	Cash flows	Foreign exchange management	March 31, 2020
Current borrowings	45.22	(6.48)		38.74
Non-current borrowings	126.09	(43.41)	7.68	90.36
<b>Total liabilities from financing activities</b>	<b>171.31</b>	<b>(49.89)</b>	<b>7.68</b>	<b>129.10</b>

Particulars	March 31, 2018	Cash flows	Foreign exchange management	March 31, 2019
Current borrowings	21.26	23.49	0.47	45.22
Non-current borrowings	130.84	(10.90)	6.15	126.09
<b>Total liabilities from financing activities</b>	<b>152.10</b>	<b>12.59</b>	<b>6.62</b>	<b>171.31</b>

Summary of significant accounting policies (refer note 2.2 and 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: July 31, 2020

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



per Pramod Kumar Bapna  
Partner  
Membership No.- 105497



Place: Mumbai  
Date: July 31, 2020

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



Nitesh Panpaliya  
Chief Financial Officer

Place: Nagpur  
Date: July 31, 2020





Solar industries India Limited  
Statement of Changes in equity for the year ended March 31, 2020  
(All amounts in ₹ Crores, unless otherwise stated)

A. Equity share capital

	No of Shares	Amount
As at April 1, 2018 (Equity Shares of ₹ 2 each issued, subscribed and fully paid)	9,04,90,055	18.10
As at March 31, 2019 (Equity Shares of ₹ 2 each issued, subscribed and fully paid)	9,04,90,055	18.10
As at March 31, 2020 (Equity Shares of ₹ 2 each issued, subscribed and fully paid)	9,04,90,055	18.10

B. Other equity

	Reserves and surplus				OCI	Total Other equity
	Securities premium (Note 11A)	Retained earnings (Note 11A)	Capital reserve (Note 11A)	General reserve (Note 11A)	Cash flow hedge reserve (Note 11A)	
Balance as at April 1, 2018	149.13	296.06	4.29	291.61	0.02	741.11
Profit for the year	-	191.47	-	-	-	191.47
Transfer from retained earnings	-	-	-	60.00	-	60.00
Transfer to General reserve	-	(60.00)	-	-	-	(60.00)
Other comprehensive income :						
Net movement in Cash Flow Hedges (net of tax)	-	-	-	-	(0.24)	(0.24)
Remeasurement gain on defined benefit plans (net of tax)	-	0.06	-	-	-	0.06
Transactions with owners :						
Dividend paid	-	(54.29)	-	-	-	(54.29)
Dividend distribution tax paid	-	(11.16)	-	-	-	(11.16)
Balance as at March 31, 2019	149.13	362.14	4.29	351.61	(0.22)	866.95
Balance as at April 1, 2019	149.13	362.14	4.29	351.61	(0.22)	866.95
Profit for the year	-	213.40	-	-	-	213.40
Effect of adoption of Ind AS 116 Leases (refer note 2.3)	-	(0.06)	-	-	-	(0.06)
Transfer from retained earnings	-	-	-	75.00	-	75.00
Transfer to General reserve	-	(75.00)	-	-	-	(75.00)
Other comprehensive income :						
Net movement in Cash Flow Hedges (net of tax)	-	-	-	-	(0.21)	(0.21)
Remeasurement loss on defined benefit plans (net of tax)	-	(0.44)	-	-	-	(0.44)
Transactions with owners :						
Dividend paid	-	(63.34)	-	-	-	(63.34)
Dividend distribution tax paid	-	(13.02)	-	-	-	(13.02)
Balance as at March 31, 2020	149.13	423.68	4.29	426.61	(0.43)	1,003.28

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: July 31, 2020

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003



per Pramod Kumar Bagna

Partner

Membership No. - 105497



Place: Mumbai

Date: July 31, 2020

For and on behalf of the Board of Directors of

Solar Industries India Limited



S.N. Nuwal

Chairman &

Executive Director

DIN: 00713547



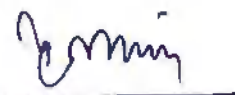
Khushboo Pasari

Company Secretary

Membership No. - F7347

Place: Nagpur

Date: July 31, 2020

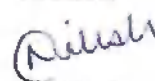


Manish Nuwal

Managing Director &

CEO

DIN: 00164388



Nilesh Panpaliya

Chief Financial Officer



**Note 1. Corporate Information**

Solar Industries India Limited ('the Company') is a company domiciled in India and has its registered office at Solar House 14, Kachimet, Amravati Road, Nagpur – 440023 (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. Basis of preparation and 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 (including derivative instruments) and defined benefit plans which have been measured at fair value. The accounting policies are consistently applied by the Company to all the period mentioned in the financial statements.

The financial statements have been prepared in accordance with the Indian Accounting Standards ('Ind AS') notified under section 133 of the Companies Act, 2013 ("the Act") read with the Companies (Indian Accounting Standards) Rules, 2015, (as amended).

**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 treated as current when it is:

- Expected to be settled in normal operating cycle
- 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

All other liabilities are classified 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 judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities at the end of the 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

Capital work in progress is stated at cost, net of accumulated impairment loss, if any. 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 for their intended 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 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.



Intangible assets with finite lives are amortized 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 5 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.

**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 (in years)	Useful life as prescribed under Schedule II to the Companies Act, 2013 (in years)
<b>Property, Plant and Equipment</b>		
<b>Buildings:</b>		
Factory buildings	30	30
Other buildings	60	60
Roads (RCC and WBM)	15 to 30	5 to 10
<b>Plant and Machinery:</b>		
Factory Plant and Machinery	15 to 25	15 to 20
Electrical installations 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

Assets	Company's estimate of useful life (In years)
<b>Intangible Assets</b>	
Software and Licenses	6
Other (Transfer of Technology, Technical know-how)	5-10

The Company, based on technical assessment made by technical expert and management estimate, depreciates certain items of property, 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. Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

**e. Impairment of Property, Plant and Equipment, Intangible assets and Right-of-use 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. The 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 groups of 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, 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 and 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 that are directly attributable to acquisition, construction or production 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. All 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**

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**Company as a Lessee:**

The Company applies a single recognition and measurement approach for all leases, except for short-term leases. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.





**i. Right-of-use assets:**

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Office Building 2 to 10 years
- Leasehold Land 30 to 99 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (e) Impairment of Property, Plant and Equipment, Intangible assets and Right-of-use Assets.

The Company's lease arrangements do not contain an obligation to dismantle and remove the underlying asset, restore the site on which it is located or restore the underlying asset to a specified condition.

**ii. Lease Liabilities:**

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments).

**iii. Short-term leases and leases of low-value assets**

The Company applies the short-term lease recognition exemption to its short-term leases of vehicles, and office buildings (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low



value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

**h. Investments in subsidiaries and associates**

Investments in subsidiaries and associates are recognized at cost, less impairment loss (if any) as per Ind AS 27. Investments are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable.

**i. Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**1. Financial assets**

**Classification**

Financial assets are classified, at initial recognition in the following categories:

- as subsequently measured at fair value (either through other comprehensive income, or through the Statement of Profit and Loss), and
- 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:

**A.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.

**A.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 group 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.

## 2. 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 amortized cost

### Measurement

#### A. Financial liabilities at amortized cost

Financial liabilities at amortized 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 recognized less cumulative amortization.

**3. 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 unrecognized 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 unrecognized 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 have been highly effective throughout the financial reporting periods for which they were designated.



#### 4. 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. This amount is reflected under the head 'Other expenses' / 'Other income' in the statement of profit and loss.

#### j. Revenue Recognition

##### Revenue from Contract with Customer

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

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

##### a. Sale of products:

Revenue from sale of products is recognised at the point in time when control of the goods is transferred to the customer, generally on shipment or delivery. The normal credit term is 30-120 days from shipment or delivery as the case may be.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated.

In determining the transaction price for the sale of goods or rendering of services, the Company considers the effects of variable consideration and provisional pricing, considering contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

##### 1. Variable consideration

if the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained





until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. The volume rebates give rise to variable consideration.

• **Volume rebates and discounts**

The products are often sold with volume discounts based on aggregate sales over a specific time period, normally 3–12 months. Revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts using either the expected value method or an assessment of the most likely amount. Revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. A contract liability is recognized for expected volume discounts payable to customers in relation to sales made until the end of the reporting period. The estimated volume discount is revised at each reporting date.

• **Powder Factor**

The Company estimates provision for powder factor on revenue from sale of products to certain customers which is generally the percentage of blast output achieved at the time of blasting of the products at the customer's site. Powder factor is based on the agreement with customer, volume of output achieved at the site, which is measured at a later date. Accordingly, the provision is made based on the likely powder factor to be achieved on current sales of products, which is reduced from the revenue for the period.

**2. Significant financing component**

In many cases, the Company receives short-term advances from its customers. Using the practical expedient in Ind AS 115, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that goods or services will be one year or less.

Hence, there is no financing component which needs to be separated.

**b. Sale of projects:**

Revenue from sale of project is recognised at the point in time when control of the project is transferred to the customer, generally on completion of installation. Revenue from sale of projects is measured at the fair value of the consideration received or receivable. The normal credit term is 90 days after installation is completed.

**c. Interest Income:**

Interest income is recognized on a time proportion basis considering the carrying amount and the effective interest rate. Interest income is included under the head 'Other income' in the statement of profit and loss.





**d. Dividend:**

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.

**Contract balances**

**Contract assets**

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

**Trade receivables**

A receivable represents the Company's right to an amount of consideration that is unconditional. Refer to accounting policies of financial assets in note no. 2.2 (i) (1) Financial instruments – initial recognition and subsequent measurement.

**Contract liabilities**

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

**k. Government grants**

Government grants are recognized 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 State Government GST/Sales Tax subsidy/Reimbursement of Provident Fund has been considered as revenue grant and the same has been recognized in the statement of profit and loss under the head 'Other operating revenues'.

**l. Foreign currencies Transactions and Translation**

**(i) Functional and presentation currency**

The financial statements are presented in Indian rupee (₹), which is also its functional 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 except for exchange differences on foreign currency borrowings relating to assets under construction for productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.



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.

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 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 the Company Gratuity Scheme. The cost of providing benefit under the 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. Tax Expenses**

Tax expense comprises of current tax and deferred income 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 the 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.

**Sales/ value added taxes/ GST paid on acquisition of assets or on incurring expenses**

Expenses and assets are recognized net of the amount of sales/ value added taxes/ GST paid, except:





- a) When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- b) When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Provision for uncertain income tax positions/treatments are recognised when it is considered probable that there will be a future outflow of funds to a taxing authority. This requires the application of judgement as to the ultimate outcome. Judgements mainly relates to treatment of incentives (e.g. sales tax incentive), expenditure deductible / disallowances for tax purposes.

**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 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 stand-alone 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.



**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 or a reliable estimate of the amount cannot be made.

**t. Cash and cash equivalents**

Cash and cash equivalents 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**

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 sale 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. Exceptional Items**

When items of income and expense within profit or loss from ordinary activities are of such size, nature or incidence that their disclosure is relevant to explain the performance of the Company for the period, the nature and amount of such items is disclosed separately under the head exceptional item.





**x. 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 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.

**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.

**Recoverability of Trade Receivables**

Judgements are required in assessing the recoverability of overdue trade receivables and determining whether a provision against those receivables is required. Factors considered include the credit rating of the counterparty, the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non-payment.

**Impairment of financial assets**

The impairment provisions for financial assets depending on their classification are based on assumptions about risk of default, expected cash loss rates, discounting rates applied to these forecasted future cash flows, recent transactions. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

**Powder factor deductions**

The Company estimate provision for powder factor on sales made to certain customers which is generally the percentage of blast output achieved at the time of blasting of the products at the customer 'site. Powder factor is based on the agreement with customer, volume of output achieved at the site, which is measured at a later date. Accordingly, the provision is made based on the likely powder factor to be achieved on current sales which is reduced from the sales of the period.

A significant estimate is involved to establish the percentage of blast output achieved, the settlement of which happens in future as per the terms of contract and mutual agreement.





### Receivables under Package Scheme of Incentives 2007 (PSI)

The Company is eligible to claim benefits under Package Scheme of Incentives 2007, for the sales tax paid by eligible industrial unit as per State Goods and Service Tax, 2017 (SGST) and reimbursement of 75% of the provident fund paid by the Company. The eligibility of the benefits are subject to the Company confirming terms and conditions mentioned in the eligibility certificate. The Company uses judgement to establish the recoverability and the timings of the receipts.

### Estimation Uncertainty due to Global Health Pandemic on COVID-19

Refer Note 37 of the Standalone Financial Statements.

## 2.3 Changes in accounting policies and disclosures

### New and amended standards

The Company applied Ind AS 116 Leases for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below.

Several other amendments apply for the first time for the year ending March 31, 2020, but do not have an impact on the standalone financial statements of the Company. The Company has not early adopted any standards, amendments that have been issued but are not yet effective/notified.

### Ind AS 116 Leases

Ind AS 116 supersedes Ind AS 17 Leases including its appendices (Appendix A of Ind AS 17 Operating Leases-Incentives, Appendix B of Ind AS 17 Evaluating the Substance of Transactions Involving the Legal Form of a Lease and Appendix C of Ind AS 17 Determining whether an Arrangement contains a Lease). The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting under Ind AS 116 is substantially unchanged from Ind AS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in Ind AS 17. Therefore, Ind AS 116 does not have an impact for leases where the Company is the lessor.

The Company adopted Ind AS 116 using the modified retrospective method of adoption, with the date of initial application on April 1, 2019. The comparative figures are not restated and the cumulative effect of initially applying the standard is recognised as an adjustment to the opening balance of retained earnings at the date of initial application. The Company has elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets).

The effect of adoption of Ind AS 116 as at April 1, 2019 has resulted in recognising a right-of-use assets of Rs. 1.67 crore, a corresponding lease liability of Rs. 0.69 crore (net of prepayment of Rs. 0.91 crore) and a decrease in other equity by Rs. 0.06 crore.

Upon adoption of Ind AS 116, the Company applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. Refer to Note 2.2 (g) Leases for the accounting policy beginning April 1, 2019. The standard provides specific transition requirements and practical expedients, which have been applied by the Company.





**Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment**

The appendix addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of Ind AS 12 Income Taxes. It does not apply to taxes or levies outside the scope of Ind AS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Appendix specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

The Company determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Company applies significant judgement in identifying uncertainties over income tax treatments. Since the Company operates in a complex multinational environment, it assessed whether the Appendix had an impact on its financial statements.

Upon adoption of the Appendix C to Ind AS 12, the Company considered whether it has any uncertain tax positions. The Company determined, based on its tax compliance that it is probable that its tax treatments will be accepted by the taxation authorities. The Appendix did not have an impact on the financial statements of the Company.



Solar Industries India Limited

Notes to Standalone financial statements for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

Note 3A. Property, Plant and Equipment

	Freehold Land	Buildings	Furniture and Fixture	Plant and Machinery	Vehicles	Office Equipment and Computer	Total
<b>Year Ended March 31, 2019</b>							
<b>Gross carrying amount</b>							
Opening gross carrying amount as at April 1, 2018 <sup>1</sup>	43.46	171.45	4.06	236.04	16.01	4.08	475.10
Additions	21.24	13.23	4.73	25.02	8.95	5.12	78.29
Asset held for sale (refer note 3C)	(0.06)	-	-	-	-	-	(0.06)
Disposals*	-	(0.21)	(0.00)	(1.59)	(0.45)	(0.14)	(2.39)
<b>Closing Gross Carrying Amount as at March 31, 2019</b>	<b>64.64</b>	<b>184.47</b>	<b>8.79</b>	<b>259.47</b>	<b>24.51</b>	<b>9.06</b>	<b>550.94</b>
<b>Accumulated depreciation</b>							
Opening accumulated depreciation as at April 1, 2019	-	13.72	1.35	36.03	3.02	1.87	55.99
Depreciation charge for the year	-	6.26	0.50	18.42	2.21	1.19	29.58
Disposals*	-	(0.09)	(0.00)	(1.16)	(0.36)	(0.14)	(1.75)
<b>Closing Accumulated Depreciation as at March 31, 2019</b>	<b>-</b>	<b>19.89</b>	<b>1.85</b>	<b>53.29</b>	<b>4.87</b>	<b>2.92</b>	<b>82.82</b>
<b>Net Carrying Amount as at March 31, 2019</b>	<b>64.64</b>	<b>164.58</b>	<b>6.94</b>	<b>206.18</b>	<b>19.64</b>	<b>6.14</b>	<b>468.12</b>
<b>Year Ended March 31, 2020</b>							
<b>Gross carrying amount</b>							
Opening gross carrying amount as at April 1, 2019	64.64	184.47	8.79	259.47	24.51	9.06	550.94
Additions	17.33	31.47	1.42	51.42	1.32	1.85	104.81
Disposals	-	(0.21)	-	-	(0.04)	(0.02)	(0.27)
<b>Closing Gross Carrying Amount as at March 31, 2020</b>	<b>81.97</b>	<b>215.73</b>	<b>10.21</b>	<b>310.89</b>	<b>25.79</b>	<b>10.89</b>	<b>655.48</b>
<b>Accumulated Depreciation</b>							
Opening accumulated depreciation as at April 1, 2019	-	19.89	1.85	53.29	4.87	2.92	82.82
Depreciation charge for the year	-	7.11	0.88	20.86	2.75	1.60	33.20
Disposals*	-	(0.18)	-	-	(0.04)	(0.00)	(0.22)
<b>Closing Accumulated Depreciation as at March 31, 2020</b>	<b>-</b>	<b>26.82</b>	<b>2.73</b>	<b>74.15</b>	<b>7.58</b>	<b>4.52</b>	<b>115.80</b>
<b>Net Carrying Amount as at March 31, 2020</b>	<b>81.97</b>	<b>188.91</b>	<b>7.48</b>	<b>236.74</b>	<b>18.21</b>	<b>6.37</b>	<b>539.68</b>
<b>Capital Work-in-Progress as at March 31, 2020</b>							<b>30.83</b>
Capital Work-in-Progress as at March 31, 2019							72.98

\* Amount is less than ₹ 0.01

<sup>1</sup> Gross carrying amount and accumulated depreciation have been regrouped and netted in line with deemed cost exemption opted out by the Company as per Ind AS, with effect from April 1, 2015 i.e. date of transition to Ind AS for the Company.

The above property, plant and equipments 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.

The amount of borrowing costs capitalised during the year ended March 31, 2020 was ₹ 1.38 (March 31, 2019: ₹ 3.07). The average rate used to determine the amount of borrowing costs eligible for capitalisation was 8.35 %, which is the effective interest rate of the borrowings made specifically to acquire/ construct the qualifying asset.



Solar Industries India Limited

Notes to Standalone financial statements for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

Note 38. Intangible assets

	Software & License	Others <sup>2</sup>	Total
<b>Year ended March 31, 2019</b>			
Gross carrying amount			
Opening gross carrying amount as at April 1, 2018 <sup>1</sup>	0.66	0.29	0.95
Additions	1.97	-	1.97
<b>Gross carrying amount as at March 31, 2019</b>	<b>2.63</b>	<b>0.29</b>	<b>2.92</b>
<b>Accumulated amortisation</b>			
Opening accumulated amortisation as at April 1, 2018	0.46	0.02	0.48
Amortisation for the year	0.31	0.03	0.34
<b>Accumulated amortisation as at March 31, 2019</b>	<b>0.77</b>	<b>0.05</b>	<b>0.82</b>
<b>Net carrying amount as at March 31, 2019</b>	<b>1.86</b>	<b>0.24</b>	<b>2.10</b>
<b>Year ended March 31, 2020</b>			
Gross carrying amount			
Opening gross carrying amount as at April 1, 2019	2.63	0.29	2.92
Additions	0.59	1.52	2.11
<b>Gross carrying amount as at March 31, 2020</b>	<b>3.22</b>	<b>1.81</b>	<b>5.03</b>
<b>Accumulated amortisation</b>			
Opening accumulated amortisation as at April 1, 2019	0.77	0.05	0.82
Amortization for the year	0.42	0.10	0.52
<b>Accumulated amortisation as at March 31, 2020</b>	<b>1.19</b>	<b>0.15</b>	<b>1.34</b>
<b>Net carrying amount as at March 31, 2020</b>	<b>2.03</b>	<b>1.66</b>	<b>3.69</b>
<b>Intangible assets under development as at March 31, 2020</b>			<b>1.91</b>
<b>Intangible assets under development as at March 31, 2019</b>			<b>0.90</b>

<sup>1</sup> Gross carrying amount and accumulated amortisation have been regrouped and netted in line with deemed cost exemption opted out by the Company as per Ind AS, with effect from April 1, 2015 i.e. date of transition to Ind AS for the Company.

<sup>2</sup> Others represents Cast Booster Technical know-how for limited period of 5 Years and Transfer of Technology (TOT) by the Defence Research and Development Organisation (DRDO) to the Company for manufacturing of products for Indian Armed Forces for limited period of 10 years.





Solar Industries India Limited  
 Notes to Standalone financial statements for the year ended March 31, 2020  
 (All amounts in ₹ Crores, unless otherwise stated)

Note 3C. Assets classified as held for sale

	March 31, 2020	March 31, 2019
Freehold Land	-	0.06
Leasehold Land	-	0.47
<b>Total</b>	-	<b>0.53</b>

During the year, the Company has disposed off the freehold and leasehold land which was previously held for setting up a manufacturing plant.



**Solar Industries India Limited**

**Notes to Standalone financial statements for the year ended March 31, 2020**

**(All amounts in ₹ Crores, unless otherwise stated)**

**Note 3D. Leases**

**Company as Lessee**

The Company has lease contracts for Office buildings and Leasehold land. Leases of office building generally have lease terms between 2 and 10 years, while leasehold land generally have lease terms between 30 and 99 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets.

The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for leases.

**A. Right-of-use assets**

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

Particulars	Office Buildings	Leasehold land	Total
As at April 1, 2019	0.63	1.04	1.67
Additions			
Depreciation	(0.20)	(0.04)	(0.24)
As at March 31, 2020	0.43	1.00	1.43

**B. Lease Liabilities-Other financial liabilities**

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

	March 31, 2020
As at April 1, 2019	0.69
Additions	
Accretion of interest	0.03
Payments	(0.25)
As at March 31, 2020	0.47
Current (refer Note 16 )	0.12
Non-current	0.35

The maturity analysis of lease liabilities are disclosed in Note 32

The effective interest rate for lease liabilities is 8.50%, with maturity between 2019-2099

The following are the amounts recognised in profit or loss:

	March 31, 2020
Depreciation expense of right-of-use assets	0.24
Interest expense on lease liabilities	0.03
Expense relating to short-term leases (included in other expenses)	1.02
<b>Total amount recognised in profit or loss</b>	<b>1.29</b>

The Company had total cash outflows for leases of ₹ 1.27 in March 31, 2020 (₹ 0.97 in March 31, 2019).



Solar Industries India Limited

Notes to Standalone financial statements for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

Note 4. Investments

Non-current investments

	Face value	Number of Shares/Units		Amount	
		March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
<b>Unquoted</b>					
<b>Investment carried at Cost</b>					
<b>Investment in Equity instruments in :</b>					
<b>Wholly owned subsidiaries (fully paid up)</b>					
Economic Explosives Limited	₹ 10	48,00,000	48,00,000	14.50	14.50
Blastec India Private Limited	₹ 100	9,90,000	9,90,000	5.41	5.41
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	\$ 100	1,80,000	85,000	106.79	38.82
				127.60	59.63
<b>Investment carried at Cost</b>					
<b>Investment in Equity instruments of Associates :</b>					
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)
				-	-
<b>Investment carried at Fair Value through Profit and Loss</b>					
<b>Investment in Equity Instruments of Others</b>					
Ganga Care Hospital Limited	₹ 10	1,10,000	1,10,000	0.11	0.11
				0.11	0.11
<b>Investment in Venture Capital Fund (Unquoted)</b>					
Kotak India Growth Fund II	₹ 1,00,000	500	500	2.14	2.36
				2.14	2.36
<b>Aggregate amount of unquoted investments</b>				129.85	62.10
<b>Aggregate amount of impairment in value of investments</b>				(0.98)	(0.98)

Current investments

	Face value	Number of Shares/Units		Amount	
		March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
<b>Quoted</b>					
<b>Investment at fair value through profit &amp; loss</b>					
<b>Investment in equity instruments (fully paid-up) :</b>					
IDFC Limited	₹ 10	10,900	10,900	0.02	0.05
Edserv Soft System Ltd.	₹ 10	3,500	3,500	-	-
Shree Ashtavinayak Cine Vision	₹ 1	5,000	5,000	-	-
<b>Quoted</b>					
<b>Investment in Mutual Funds (fully paid-up)</b>					
Kotak Liquid Direct Plan Growth	₹ 10	-	79,339.89	-	30.03
				0.02	30.08
<b>Aggregate amount of quoted investments and market value thereof (refer note 32)</b>				0.02	30.08





Solar Industries India Limited  
Notes to Standalone financial statements for the year ended March 31, 2020  
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Note 5. Loans

	March 31, 2020		March 31, 2019	
	Current	Non-current	Current	Non-current
<b>Unsecured, considered good</b>				
Loan to related parties (refer note 29C)	24.00	118.44	38.07	173.21
Loan to Others	1.00	-	-	-
Security deposits	0.64	3.92	0.25	2.27
	<b>25.64</b>	<b>122.36</b>	<b>38.32</b>	<b>175.48</b>

Notes:

- Loans are non derivative financial assets which generate a fixed interest income for the Company. The carrying value may be affected by changes in the credit risk of the counterparties.
- 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, 2020		March 31, 2019	
	Current	Non-current	Current	Non-current
Emul Tek Private Limited	2.88	-	2.91	-
	<b>2.88</b>	<b>-</b>	<b>2.91</b>	<b>-</b>

- Current loans to related parties pertain to funds advanced for working capital purposes. The said loans are repayable on demand and carry an interest at the rate of 9% per annum. Whereas non current loans to related parties pertain to funds advanced for business purpose. The said loans are repayable on demand but the management does not intend to recover the same in next year, these loans carries an interest at the rate of 9% per annum.
- 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 carries an interest at the rate of 9% per annum.

Note 6. Other financial assets

	March 31, 2020		March 31, 2019	
	Current	Non-current	Current	Non-current
<b>Derivative Instruments at fair value through profit and loss</b>				
Fair valuation of derivative contracts (refer note 31)	2.05	-	-	-
	<b>2.05</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Derivative Instruments at fair value through OCI</b>				
Fair valuation of derivative contracts (refer note 31)	-	-	0.03	-
	<b>-</b>	<b>-</b>	<b>0.03</b>	<b>-</b>
<b>Others</b>				
State Government Incentive Receivables	68.81	16.68	75.11	7.73
Interest accrued from related party (refer note 29C)	4.58	-	4.93	-
Interest accrued from Others	0.09	-	-	-
Interest accrued but not due on Fixed Deposits	0.10	-	0.31	-
	<b>73.58</b>	<b>16.68</b>	<b>80.35</b>	<b>7.73</b>
	<b>75.63</b>	<b>16.68</b>	<b>80.38</b>	<b>7.73</b>

Note:

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.



**Solar Industries India Limited**  
**Notes to Standalone financial statements for the year ended March 31, 2020**  
**(All amounts in ₹ Crores, unless otherwise stated)**

**Note 7. Trade receivables**

	March 31, 2020	March 31, 2019
Trade receivables	121.65	135.70
Receivables from related parties (refer note 29C)	97.76	57.82
Less: Impairment allowance	(13.45)	(8.03)
<b>Total Trade receivables</b>	<b>205.96</b>	<b>185.49</b>

**Break-up of security details**

	March 31, 2020	March 31, 2019
Secured, considered good	9.89	8.97
Unsecured, considered good	208.70	184.48
Trade Receivables - credit impaired	0.82	0.07
	<b>219.41</b>	<b>193.52</b>
<b>Impairment allowance</b>		
Unsecured, considered good	(12.63)	(7.96)
Trade Receivables - credit impaired	(0.82)	(0.07)
	<b>(13.45)</b>	<b>(8.03)</b>
	<b>205.96</b>	<b>185.49</b>

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 120 days.

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

	March 31, 2020	March 31, 2019
Receivables from related parties (refer note 29C)		
Emul Tek Private Limited		0.01
		<b>0.01</b>

**Note 8. Cash and Bank balances**

	March 31, 2020	March 31, 2019
<b>Cash and cash equivalents</b>		
Balances with banks		
In current accounts	1.04	19.49
Cheques on hand <sup>^</sup>	0.00	0.37
Funds in transit #	61.69	-
Cash in hand	0.13	0.08
	<b>62.86</b>	<b>19.94</b>
<b>Bank balances other than cash and cash equivalents</b>		
Balances with Banks with original maturity of more than three months but less than 12 months		5.10
Balances with Bank held as margin money against bank guarantee & other commitments	2.06	2.21
Earmarked balances with banks *	0.06	0.06
	<b>2.12</b>	<b>7.37</b>

\*The Company can utilise this balance only towards settlement of unclaimed dividend.

#Amount remitted by subsidiary company credited in the bank account subsequently

<sup>^</sup> Amount is less than ₹ 0.01 as at March 31, 2020



Solar Industries India Limited

Notes to Standalone financial statements for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

Note 9. Other assets

	March 31, 2020		March 31, 2019	
	Current	Non-Current	Current	Non-Current
Capital advances		20.77		8.72
Prepayments	2.49	-	0.51	-
Prepaid of leasehold property		-	0.03	0.88
Advances to suppliers for goods and services	5.73	-	6.69	-
Advances to staff	0.37	-	0.33	-
Balances with revenue authorities	16.05	7.23	23.72	-
	24.64	28.00	31.28	9.60

Note 10. Inventories

	March 31, 2020	March 31, 2019
Raw materials and packing materials (Includes in transit of ₹ 4.26 (Previous year : ₹ 4.78))	52.37	60.86
Work-in-progress	14.15	15.20
Finished goods	16.98	4.67
Stock-in-trade (Includes stock in transit of ₹ 2.36 (Previous year : ₹ Nil ))	2.82	0.13
Stores and spares	12.73	11.69
Project inventory-in-progress	1.23	1.02
	100.28	93.57





**Solar Industries India Limited**

**Notes to Standalone financial statements for the year ended March 31, 2020**

**(All amounts in ₹ Crores, unless otherwise stated)**

**Note 11. Equity share capital**

	Number of Shares		Amount	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
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
As at March 31, 2018	9,04,90,055	18.10
As at March 31, 2019	9,04,90,055	18.10
As at March 31, 2020	9,04,90,055	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.

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 shareholder	% holding		Number of shares	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Shri Manish Nuwal	27.88%	27.88%	2,52,32,069	2,52,32,069
Shri Kailashchandra Nuwal	23.08%	23.08%	2,08,82,963	2,08,82,963
Shri Satyanarayan Nuwal	14.63%	14.63%	1,32,38,254	1,32,39,254
Smt. Indira Devi Nuwal	6.15%	6.15%	55,68,230	55,68,230
SBI Equity Hybrid Fund	5.94%	4.67%	53,75,788	42,22,788
HDFC Trustee Company	3.53%	7.01%	31,95,849	63,40,139

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.



Solar Industries India Limited  
 Notes to Standalone financial statements for the year ended March 31, 2020  
 (All amounts in ₹ Crores, unless otherwise stated)

Note 11A. Other equity

Securities premium

As at April 1, 2018	149.13
Movement for the year 2018-19	-
As at March 31, 2019	149.13
Movement for the year 2019-20	-
As at March 31, 2020	149.13

Retained earnings

As at April 1, 2018	296.06
Add : Profit for the year	191.47
Less : Transfer to General Reserve	(60.00)
Less : Final Dividend of FY 2017-18	(54.29)
Less : Dividend Distribution Tax (DDT) on Final Dividend	(11.16)
Add: Remeasurement loss on defined benefit plans	0.06
As at March 31, 2019	362.14
Add : Profit for the year	213.40
Less : Effect of adoption of Ind AS 116 Leases	(0.06)
Less : Transfer to General Reserve	(75.00)
Less : Final Dividend of FY 2018-19	(63.34)
Less : Dividend Distribution Tax (DDT) on Final Dividend	(13.02)
Less : Remeasurement loss on defined benefit plans	(0.44)
As at March 31, 2020	423.68

Capital reserve

As at April 1, 2018	4.29
Movement for the year 2018-19	-
As at March 31, 2019	4.29
Movement for the year 2019-20	-
As at March 31, 2020	4.29

General reserve

As at April 1, 2018	291.61
Add : Transfer from retained earnings	60.00
As at March 31, 2019	351.61
Add : Transfer from retained earnings	75.00
As at March 31, 2020	426.61

Cash flow hedge reserve

As at April 1, 2018	0.02
Movement for the year 2018-19	(0.24)
As at March 31, 2019	(0.22)
Movement for the year 2019-20	(0.21)
As at March 31, 2020	(0.43)

Total other equity

As at April 1, 2018	741.11
Movement for the year 2018-19	125.84
As at March 31, 2019	866.95
Movement for the year 2019-20	136.33
As at March 31, 2020	1,003.28



**Solar Industries India Limited****Notes to Standalone financial statements for the year ended March 31, 2020****(All amounts in ₹ Crores, unless otherwise stated)****Nature and purpose of reserves****1. Securities premium**

Securities premium is used to record the premium on issue of shares. This reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

**2. Capital reserve**

The Company recognizes profit or loss on purchase, sale, issue or cancellation of the Company's own equity instruments to capital reserve.

**3. General reserve**

Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paid-up capital of the Company for that year, then the total dividend distribution is less than the total distributable results for that year. Consequent to introduction of the Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. The amount transferred to the general reserve can be utilised only in accordance with the specific requirements of the Companies Act, 2013.

**4. Cash flow hedge reserve**

The Company uses hedging instruments as part of its management of foreign currency risk and interest rate risk associated with borrowings. For hedging foreign currency and interest rate risk, the Company uses foreign currency forward contracts, foreign currency option contracts and interest rate swaps. To the extent these hedges are effective, the change in fair value of the hedging instrument is recognised in the cash flow hedging reserve. Amounts recognised in the cash flow hedging reserve is reclassified to the statement of profit and loss when the hedged item affects the statement of profit and loss (e.g. interest payments).

**5. Retained Earnings**

Retained earnings are the profits that the Company has earned till date, less transfers to General Reserve and payment of dividend.

**11B. Distribution made and proposed**

	March 31, 2020	March 31, 2019
<b>Cash dividends on equity shares declared :</b>		
Final dividend for the year ended on March 31, 2019: ₹ 7 per share (March 31, 2018 ₹ 6 per share)	63.34	54.29
DDT on final dividend	13.02	11.16
	<b>76.36</b>	<b>65.45</b>
<b>Proposed dividends on Equity shares*</b>		
Final cash dividend for the year ended on March 31, 2020: ₹ 6 per share (March 31, 2019: ₹ 7 per share)	54.29	63.34
DDT on proposed dividend	-	13.02
	<b>54.29</b>	<b>76.36</b>

\* Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability.





Solar Industries India Limited  
 Notes to Standalone financial statements for the year ended March 31, 2020  
 (All amounts in ₹ Crores, unless otherwise stated)

**Note 12. Non-current Borrowings**

	March 31, 2020	March 31, 2019
<b>Secured Borrowings carried at amortised cost</b>		
<b>Term loans from banks</b>		
Foreign currency loan from Banks	40.36	126.09
Indian Rupee term loan*	50.00	0.00
Interest accrued but not due	0.36	-
	<b>90.72</b>	<b>126.09</b>
<b>Less: Amount shown under "Other current financial liabilities" (refer note 16)</b>		
Current maturities of long-term debt	(26.91)	(89.20)
Interest accrued but not due on non-current borrowings	(0.36)	-
	<b>63.45</b>	<b>36.89</b>

\* Amount is less than ₹ 0.01 as at March 31, 2019

**Note 13. Current Borrowings**

	March 31, 2020	March 31, 2019
<b>Secured - at Amortised cost</b>		
<b>From banks</b>		
Foreign currency working capital loan	-	14.18
Indian Rupee working capital loan from Bank	23.74	-
Buyer's credit	-	31.04
Interest accrued but not due	0.09	0.12
<b>Unsecured at Amortised cost</b>		
<b>From banks</b>		
Indian Rupee working capital loan	15.00	-
	<b>38.83</b>	<b>45.34</b>
<b>Less: Amount shown under "Other current financial liabilities" (refer note 16)</b>		
Interest accrued but not due on current borrowings	(0.09)	(0.12)
	<b>38.74</b>	<b>45.22</b>



**Solar Industries India Limited**

Notes to Standalone financial statements for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

**Maturity profile of Non current Borrowing**

	Maturity date	Terms of repayment	March 31, 2020	March 31, 2019
<b>Secured</b>				
Foreign currency term loan from Bank	August 31, 2021	Repayable in eight equal quarterly instalment starting after moratorium period of 12 months	40.36	49.18
Foreign currency term loan from Bank	March 27, 2020	Repayable in eight equal quarterly instalment starting after moratorium period of 12 months	-	23.78
Rupee Term Loan from Bank*	January 16, 2020	Repayable in eight equal quarterly instalment starting after moratorium period of 12 months	-	0.00
Foreign currency term loan from Bank	September 19, 2019	Single repayment at the end of the term	50.00	53.13
Rupee Term Loan from Bank	September 13, 2024	Repayable in twelve quarterly instalment starting after moratorium period of 24 months	-	-
			<b>90.36</b>	<b>126.09</b>

\* Amount is less than ₹ 0.01 as at March 31, 2019

The above foreign currency term loan from Banks carries an interest rate of LIBOR+ 212 bps.

The Indian rupee long term loan from bank carries an interest rate of 1 yr MCLR.

**Maturity profile of Current Borrowing**

	Maturity date	Terms of repayment	March 31, 2020	March 31, 2019
<b>Secured</b>				
Indian Rupee working capital loan from Bank	April 9, 2020	Single repayment at the end of the term	8.33	-
Indian Rupee working capital loan from Bank	April 9, 2020	Single repayment at the end of the term	5.00	-
Indian Rupee working capital loan from Bank	April 13, 2020	Single repayment at the end of the term	5.00	-
Cash Credits from Bank	On Demand	Single repayment at the end of the term	2.98	-
Cash Credits from Bank	On Demand	Single repayment at the end of the term	2.43	-
Foreign currency working capital loan from Bank	October 23, 2019	Single repayment at the end of the term	-	14.18
Buyer's credit	May 14, 2019	Single repayment at the end of the term	-	15.66
Buyer's credit	July 19, 2019	Single repayment at the end of the term	-	15.18
<b>Unsecured</b>				
Indian Rupee working capital loan from Bank	April 17, 2020	Single repayment at the end of the term	15.00	-
			<b>38.74</b>	<b>45.22</b>

The Indian rupee working capital loan from Bank carries interest rate of 7.85 to 8.75% .

**Security**

The above non current loans from banks are secured by first pari passu charge on the property, plant and equipments, both present and future, and second pari passu charge on the Company's current assets, both present and future. Working capital loans have first Pari Passu charge on the Company's entire current assets, both present and future, and second pari passu charge on the Company's entire property, plant and equipments, 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 Company has not defaulted on any loans payable.



**Solar Industries India Limited**

**Notes to Standalone financial statements for the year ended March 31, 2020**

**(All amounts in ₹ Crores, unless otherwise stated)**

**Note 14. Tax expenses**

The major components of tax expense for the year ended March 31, 2020 and March 31, 2019 are :

**Statement of profit and loss:**

**Profit and loss section**

	March 31, 2020	March 31, 2019
<b>Current income tax:</b>		
Current income tax charge	57.59	88.77
Adjustment of tax relating to earlier periods	-	(2.11)
<b>Deferred tax:</b>		
Relating to Change in tax rate*	(25.46)	-
Relating to origination and reversal of temporary differences	6.91	9.36
<b>Tax expense reported in the statement of profit and loss</b>	<b>39.04</b>	<b>96.02</b>

**OCI section**

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

	March 31, 2020	March 31, 2019
Net (loss)/ gain on Cash flow hedges	(0.07)	(0.13)
Net (loss)/ gain on remeasurements of defined benefit plans	(0.15)	0.03
<b>Income tax charged to OCI</b>	<b>(0.22)</b>	<b>(0.10)</b>

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2020 and March 31, 2019 :

	March 31, 2020	March 31, 2019
Accounting profit before tax	252.44	287.49
Enacted income tax rate in India	25.17%	34.94%
Computed expected tax expense	63.53	100.46
<b>Effect of :</b>		
Research & Development expenditure	(0.18)	(3.64)
Corporate Social Responsibility expenditure	1.21	1.42
Donation	0.19	0.34
Difference of DTL due to change in tax rate*	(25.46)	-
Others	(0.25)	(0.45)
Tax in respect of earlier years	-	(2.11)
<b>Total income tax expense</b>	<b>39.04</b>	<b>96.02</b>

**Deferred tax**

Deferred tax relates to the following :

**Balance sheet**

	March 31, 2020	March 31, 2019
Property, plant and equipment: Impact of difference between tax depreciation and depreciation/amortisation charged for the financial reporting	77.12	97.07
Financial assets at fair value through profit or loss	(0.05)	-
Derivative Instruments at fair value through profit or loss	0.36	(1.71)
Provision for investments in associates	(0.25)	(0.34)
Provision for discounting of Non current assets	(0.69)	-
Provision towards trade receivables	(3.38)	(2.81)
Employee benefits	(0.87)	(1.21)
<b>Net deferred tax (assets)/ Liabilities</b>	<b>72.24</b>	<b>91.00</b>





Solar Industries India Limited

Notes to Standalone financial statements for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

Statement of profit and loss

	March 31, 2020	March 31, 2019
Property, plant and equipment: Impact of difference between tax depreciation and depreciation/ amortisation charged for the financial reporting	(19.95)	9.20
Provision towards trade receivables	(0.58)	2.82
Provision for investments in associates	0.09	-
Provision for discounting of Non current assets	(0.69)	-
Employee benefits	0.34	(0.35)
Financial assets at fair value through profit or loss	(0.05)	(0.08)
Derivative Instruments at fair value through profit or loss	2.07	(2.33)
Remeasurement of defined benefit plans	0.15	(0.03)
Revaluation of cash flow hedges	0.07	0.13
<b>Deferred tax expense/(income)</b>	<b>(18.55)</b>	<b>9.36</b>

Reconciliation of Deferred tax liabilities (net):

	March 31, 2020	March 31, 2019
Opening balance	91.00	81.74
Tax (income)/expense during the period recognised in profit or loss	(18.55)	9.36
Tax (income)/expense during the period recognised in OCI	(0.21)	(0.10)
<b>Closing balance</b>	<b>72.24</b>	<b>91.00</b>

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 liabilities 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, 2020 and March 31, 2019, 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.

\*The Company has adopted the option of lower tax rate as provided in the Taxation Law Amendment Ordinance, 2019 and consequent impacts on tax expense have been considered for the year ended March 31, 2020.



**Note 15. Trade payables**

	March 31, 2020	March 31, 2019
<b>Current</b>		
Trade payables		
a) total outstanding dues to micro enterprises and small enterprises (refer note 36)	4.30	3.24
b) total outstanding dues to creditors other than micro enterprises & small enterprises	102.03	83.03
<b>Total Trade payables</b>	<b>106.33</b>	<b>86.27</b>
<b>Break up of trade payables</b>		
	March 31, 2020	March 31, 2019
Trade Payables other than related parties	95.10	84.08
Trade payables to related parties (refer note 29C)	11.23	2.19
	<b>106.33</b>	<b>86.27</b>

**Payables to private companies in which the Company's directors is a director**

	March 31, 2020	March 31, 2019
<b>Payables to related parties (refer note 29C)</b>		
Emul Tek Private Limited	0.18	-
	<b>0.18</b>	-

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

For trade payables due to Micro and Small Enterprises, refer note 36

For terms and conditions with related parties, refer note 29B

For explanations on the Company's credit risk management processes, refer note 32

**Note 16. Other current financial liabilities**

	March 31, 2020	March 31, 2019
<b>Derivative Instruments at fair value through profit or loss</b>		
Fair valuation of derivative contracts (refer note 31)	-	4.92
		<b>4.92</b>
<b>Derivative Instruments at fair value through OCI</b>		
Fair valuation of derivative contracts (refer note 31)	0.62	-
	<b>0.62</b>	-
<b>Other financial liabilities at amortised cost</b>		
Current maturities of long term debt (refer note 12)	26.91	89.20
Interest accrued on non-current borrowings (refer note 12)	0.36	-
Interest accrued on current borrowings (refer note 13)	0.09	0.12
	<b>27.36</b>	<b>89.32</b>
<b>Others</b>		
Capital creditors	6.81	5.22
Capital creditors - Related Party (refer Note 29C)	0.36	-
Employees related payable (including labour related)	12.00	12.01
Lease Liability (refer Note 3D)	0.12	-
Liability towards trade discounts	16.01	16.42
Unclaimed dividend	0.06	0.06
	<b>35.36</b>	<b>33.71</b>
	<b>63.34</b>	<b>127.95</b>

**Payables to private companies in which the Company's directors is a director**

	March 31, 2020	March 31, 2019
<b>Payables to related parties (refer note 29C)</b>		
Emul Tek Private Limited	0.35	-
	<b>0.35</b>	-

**Note 17. Other current liabilities**

	March 31, 2020	March 31, 2019
Statutory dues	2.03	4.57
Contract Liabilities	13.15	9.51
Other advances	-	0.47
	<b>15.18</b>	<b>14.55</b>

**Note 17A. Current Provisions**

	March 31, 2020	March 31, 2019
<b>Provision for employee benefits</b>		
Provision for gratuity *	0.00	0.36
Provision for leave encashment	3.45	3.10
	<b>3.45</b>	<b>3.46</b>

\* Amount is less than ₹ 0.01 as at March 31, 2020



Solar Industries India Limited  
Notes to Standalone financial statements for the year ended March 31, 2020  
(All amounts in ₹ Crores, unless otherwise stated)

**Note 18. Revenue from operations**

	March 31, 2020	March 31, 2019
Sale of products (refer note 35)	1,457.67	1,610.23
Other operating revenues*	53.87	52.99
	<b>1,511.54</b>	<b>1,663.22</b>

The Company collects GST on behalf of the Government, hence GST is not included in revenue from operations.

\*Includes accrual of income under Package Scheme of Incentives of ₹ 38.67 (previous year ₹ 37.39) and reimbursement of provident fund under Package Scheme of Incentives of ₹ 2.18 (previous year ₹ Nil)

**Note 19. Other income**

	March 31, 2020	March 31, 2019
Interest income		
On financial assets carried at amortised cost		
from subsidiaries	16.33	13.75
from others	0.19	0.94
On deposits with bank	0.33	0.49
Profit on sale of investments carried at fair value through profit or loss	0.94	1.91
Dividend income from equity investments designated at fair value through profit or loss		0.16
Net gain on disposal of property, plant and equipment	0.41	0.05
Net gain on foreign currency transaction and translation	13.92	0.46
Excess provision of Interest on income Tax written back	1.08	
Miscellaneous Income	2.15	3.46
	<b>35.35</b>	<b>21.22</b>

**Note 20. Cost of materials consumed**

	March 31, 2020	March 31, 2019
Raw materials and packing materials at the beginning of the year	60.86	45.05
Add: Purchases during the year	863.63	984.80
Less: Raw materials and packing materials at the end of the year	52.37	60.86
	<b>872.12</b>	<b>968.99</b>





Solar Industries India Limited  
Notes to Standalone financial statements for the year ended March 31, 2020  
(All amounts in ₹ Crores, unless otherwise stated)

Note 21. Changes in inventories of finished goods, work-in-progress and stock-in-trade

	March 31, 2020	March 31, 2019
<b>Opening balance</b>		
Work-in progress	15.20	23.38
Finished goods	4.67	5.05
Stock-in-trade	0.13	5.49
	<b>20.00</b>	<b>33.92</b>
<b>Closing balance</b>		
Work-in progress	14.15	15.20
Finished goods	16.98	4.67
Stock-in-trade	2.82	0.13
	<b>33.95</b>	<b>20.00</b>
	<b>(13.95)</b>	<b>13.92</b>

Note 22. Employee benefit expense

	March 31, 2020	March 31, 2019
Salaries and wages (including bonus)	42.78	39.92
Remuneration to directors	9.09	8.90
Contribution to provident and other funds	3.53	3.28
Staff welfare expenses	1.27	1.13
<b>Total - A</b>	<b>56.67</b>	<b>53.23</b>
Labour charges (including bonus)	37.43	37.89
<b>Total - B</b>	<b>37.43</b>	<b>37.89</b>
<b>Total expense (A+B)</b>	<b>94.10</b>	<b>91.12</b>

Note 23. Finance costs

	March 31, 2020	March 31, 2019
Interest on debts and borrowings*		
To banks	9.75	9.00
To Others		1.61
Interest on lease liabilities	0.03	
Exchange differences regarded as an adjustment to borrowing cost*	2.39	1.31
	<b>12.17</b>	<b>11.92</b>

\*Net of borrowing costs capitalised (refer note 3A)

Note 24. Depreciation and amortization expense

	March 31, 2020	March 31, 2019
Depreciation of property, plant & equipments (refer note 3A)	33.20	28.58
Depreciation of Right-of-use Asset (refer note 3D)	0.24	0.01
Amortization of intangible assets (refer note 3B)	0.52	0.34
	<b>33.96</b>	<b>28.93</b>



Solar Industries India Limited  
Notes to Standalone financial statements for the year ended March 31, 2020  
(All amounts in ₹ Crores, unless otherwise stated)

Note 25. Other expenses

	March 31, 2020	March 31, 2019
Consumption of stores and spares	8.15	10.16
Repairs and maintenance :		
Plant and machinery	4.80	5.58
Buildings	2.32	1.48
Others	6.54	5.76
Water and electricity charges	22.05	22.26
Rates and taxes	2.10	2.02
Legal and professional fees	8.22	6.52
Travelling and conveyance	6.63	7.00
Sales commission expenses	5.57	5.51
Freight and forwarding charges	34.87	36.99
Transportation charges	22.05	21.93
Pump truck expenses	8.62	8.83
Security service charges	8.52	7.96
Sales promotion expenses	6.81	1.13
Donations	2.12	1.85
Advertisement expenses	3.61	0.66
Advances written off	0.04	0.16
Directors' sitting fees	0.16	0.15
Net loss on financial assets mandatorily measured at fair value through profit or loss	0.22	0.41
Fair value loss on derivatives	-	5.59
Bad debts written off	0.04	3.70
Impairment loss on financial assets	5.42	4.82
Corporate Social Responsibility expenditure (refer note 25(b))	4.80	4.05
Payments to auditors (refer note 25(a))	0.92	0.82
Testing Charges	10.37	4.49
Miscellaneous expenses (mainly includes printing, communication, postage, office expenses etc)	18.83	13.42
	193.78	183.25

Note 25(a). Details of payments to auditors

	March 31, 2020	March 31, 2019
<b>Payment to auditors</b>		
<b>As auditor:</b>		
Audit fee	0.58	0.48
Limited Review	0.32	0.32
<b>In other capacities</b>		
Certification fees	0.02	0.02
	0.92	0.82

Note 25(b). CSR expenditure

	March 31, 2020	March 31, 2019
Gross amount required to be spent by the Company during the year	4.71	3.83
Amount spent in cash during the year		
(i) Construction/acquisition of an asset		
(ii) On purposes other than (i) above	4.80	4.05



Solar Industries India Limited

Notes to Standalone financial statements for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

Note 26. Earnings per share (EPS)

	March 31, 2020	March 31, 2019
Basic and Diluted EPS		
Profit attributable to the equity holders of the Company for basic and diluted EPS:	213.40	191.47
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 (₹)	23.58	21.16
Nominal value of shares (₹)	2.00	2.00





**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 29). 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, 2020	March 31, 2019
Service cost	0.83	0.76
Net interest cost	0.03	0.01
<b>Expenses recognized in the statement of Profit and Loss</b>	<b>0.86</b>	<b>0.77</b>

**Other Comprehensive Income**

	March 31, 2020	March 31, 2019
Opening amount recognized in OCI		
Actuarial gain / (loss) on liabilities	(0.47)	0.17
Actuarial gain / (loss) on assets	(0.12)	(0.08)
<b>Closing amount recognized in OCI</b>	<b>(0.59)</b>	<b>0.09</b>

**The amount recognized in Balance Sheet**

	March 31, 2020	March 31, 2019
Present value of funded obligations	10.57	9.21
Fair value of plan assets	10.57	8.85
<b>Net defined benefit liability / (assets) recognized in balance sheet *</b>	<b>0.00</b>	<b>0.36</b>

\* Amount is less than ₹ 0.01 for March 31, 2020



**Solar Industries India Limited**

Notes to Standalone financial statements for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

**Change in Present Value of Obligations**

	March 31, 2020	March 31, 2019
Opening defined benefit obligations	9.21	8.12
Service cost	0.83	0.76
Interest Cost	0.70	0.62
Benefit Paid	(0.64)	(0.12)
Actuarial (gain)/ loss on total liabilities	0.47	(0.17)
<b>Closing defined benefit obligations</b>	<b>10.57</b>	<b>9.21</b>

**Change in Fair Value of Plan Assets**

	March 31, 2020	March 31, 2019
Opening fair value of plan assets	8.85	8.03
Actual Return on Plan Assets (Expected Return ₹ 0.68 (previous year ₹ 0.62))	0.56	0.54
Employer Contribution	1.80	0.40
Benefit Paid	(0.64)	(0.12)
<b>Closing fair value of plan assets</b>	<b>10.57</b>	<b>8.85</b>

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

	March 31, 2020	March 31, 2019
Investments with insurer (LIC)	84%	100%
Investments with insurer (ICICI)	16%	-

The significant actuarial assumptions were as follows :

	March 31, 2020	March 31, 2019
Discount Rate	5.66% per annum	7.63% per annum
Rate of increase in Compensation levels	(Nil for the current year, from next year onward it is 5% per annum)	5.00% per annum
Rate of Return on Plan Assets	7.63% per annum	7.69% per annum

The estimates of future salary increases in actuarial valuation taking 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.

The expected contribution for defined benefit plan for the next financial year will be in line with financial year 2019-20.

**Sensitivity Analysis**

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

	March 31, 2020	Impact (Absolute)	Impact (%)
Base Liability	10.57		
Increase Discount Rate by 0.50%	10.38	(0.20)	-1.88%
Decrease Discount Rate by 0.50%	10.78	0.21	1.97%
Increase Salary Inflation by 1.00%	10.98	0.41	3.83%
Decrease Salary Inflation by 1.00%	10.27	(0.30)	-2.86%
Increase in Withdrawal Assumption by 5.00%	10.62	0.04	0.40%
Decrease in Withdrawal Assumption by 5.00%	10.49	(0.08)	-0.78%

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.



**Solar Industries India Limited**

**Notes to Standalone financial statements for the year ended March 31, 2020**

**(All amounts in ₹ Crores, unless otherwise stated)**

**Note 28. Commitments and contingencies**

**Capital Commitments**

	March 31, 2020	March 31, 2019
Estimated amount of contracts remaining to be executed on capital account (net of advances)	40.99	9.66

**Contingent liabilities**

	March 31, 2020	March 31, 2019
<b>Guarantees</b>		
Corporate guarantees given by the Company on behalf of its wholly owned overseas subsidiary in respect of loans taken	429.94	229.92
Guarantees given by Company's Bankers on behalf of the Company, against sanctioned letter of credit (SBLC's)	132.10	69.15
<b>Claims against the Company not acknowledged as debts (Note a)</b>		
Excise related matters	4.63	4.88
Sales tax / VAT related matters	0.87	0.76
Provident Fund related matter	0.15	-
Income tax related matter	-	0.51

**Note a.**

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.





Solar Industries India Limited  
Notes to Standalone financial statements for the year ended March 31, 2020  
(All amounts in ₹ Crores, unless otherwise stated)

Note 29. Related Party Information

	Principal place of business
<b>A Names of related parties and related party relationship :</b>	
<b>I Subsidiaries and associates</b>	
<b>Indian subsidiaries</b>	
1 Economic Explosives Limited ✓	India
2 Blastec (India) Private Limited ✓	India
3 Emul Tek Private Limited ✓	India
4 Solar Defence Limited (Note - i) ✓	India
5 Solar Defence Systems Limited (Note - i) ✓	India
<b>Overseas subsidiary</b>	
1 Solar Overseas Mauritius Limited ✓	Mauritius
<b>Overseas step down subsidiaries</b>	
1 Solar Mining Services Pty Limited, South Africa ✓	South Africa
2 Nigachem Nigeria Limited ✓	Nigeria
3 Solar Overseas Netherlands B.V. ✓	Netherlands
4 Solar Explochem Zambia Limited ✓	Zambia
5 Solar Patlayici Maddeler Sanayi Ve Ticaret Anonim Sirketi ✓	Turkey
6 P.T. Solar Mining Services (Note - i) ✓	Indonesia
7 Solar Explochem (Ghana) Limited (Note - iii) ✓	Ghana
8 PATSAN Patlayici Maddeler Sanayi Ve Ticaret Anonim Sirketi (Note - ii) ✓	Turkey
9 Solar Nitro Ghana Limited ✓	Ghana
10 Solar Madencilik Hizmetleri A.S ✓	Turkey
11 Solar Overseas Netherlands Cooperative U.A ✓	Netherlands
12 Solar Overseas Singapore Pte Ltd ✓	Singapore
13 Solar Industries Africa Limited ✓	Mauritius
14 Solar Nitro Zimbabwe (Private) Limited (Note - i) ✓	Zimbabwe
15 Solar Nitro Chemicals Limited (Note - i) ✓	Tanzania
16 Solar Mining Services Pty Ltd, Australia* ✓	Australia
17 Solar Mining Services Cote d'Ivoire Limited SARL (Note - i and iv) ✓	Ivory Coast
18 Laghe Venture Company Limited^ ✓	Tanzania
<b>Associates / Joint Ventures</b>	
1 Solar Bhatgaon Extension Mines Pvt. Limited (Note - v) ✓	India
2 SMS Bhatgaon Mines Extension Pvt. Limited (Note - v) ✓	India

Note - i: The entity has not commenced its business operations

Note - ii: The entity is under liquidation

Note - iii: The entity liquidated on January 16, 2020

Note - iv: The entity is incorporated on November 04, 2019

Note - v: The entities is under process of striking off

^Overseas stepdown subsidiary of the Company w.e.f. September 05, 2019

\* Formerly known as Australian Explosives Technologies Group Pty Limited



**II Key Management Personnel (KMP)**

- ✓ Shri Satyanarayan Nuwal (Chairman and Executive Director)
- ✓ Shri Kailashchandra Nuwal (Vice Chairman and Executive Director) (refer note 29D)
- ✓ Shri Manish Nuwal (Managing Director and CEO)
- ✓ Shri Suresh Menon (Executive Director)
- ✓ Shri Anil Kumar Jain (Executive Director)
- ✓ Shri Nilesh Panpaliya (Chief Financial Officer)
- ✓ Smt Khushboo Pasari (Company Secretary and Compliance Officer)

**III Non Executive Directors #**

- ✓ Shri Anant Sagar Awasthi (Resigned w.e.f. March 31, 2020)
- ✓ Shri Dilip Patel
- ✓ Shri Ajai Nigam
- ✓ Shri Amrendra Verma
- ✓ Smt Madhu Vij
- ✓ Shri Sunil Srivastav (Appointed as an Additional Director (Non-Executive Independent Director on the Board w.e.f 11.02.2020)

# Non executive Independent Directors were only paid sitting fees for attending Board & Board Committee meetings for the year 2019-20.

The 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)**

- i Solar Synthetics Private Limited ✓
- ii Solar Enlightenment Foundation ✓
- iii AG Technologies Pvt. Ltd. (refer note 29D) ✓

**V Other related parties**

Solar Industries India Limited employee group gratuity assurance scheme  
(Post employment benefit plan of the Company) ✓  
Refer note 27 for information on transactions with post employment benefit plan mentioned above

**VI Enterprises, over which control or significant influence is exercised by individuals listed in 'II' above (other than IV above)**

- ✓ Mahakal Infrastructures Private Limited\*
- ✓ Mahakal Project Private Limited\*
- ✓ Nagpur Infrastructure Private Limited
- ✓ Solar Processors (Bhilwara) Limited
- ✓ Gulmohar Developers and Constructions Private Limited
- ✓ Sun Developers and Constructions Private Limited
- ✓ Sunbeam Developers and Constructions Private Limited
- ✓ Sundrop Realtors Private Limited\*
- ✓ Sunland Infracon Private Limited\*
- ✓ Sunlight Infraventures Private Limited\*
- ✓ Sundrop Developers and Ventures LLP
- ✓ Commercial Sales Corporation

**VII Entities with Joint control**

- ✓ Astra Resources (Pty) Limited

\*The entities are under process of striking off.



**Solar Industries India Limited**  
**Notes to Standalone financial statements for the year ended March 31, 2020**  
**(All amounts in ₹ Crores, unless otherwise stated)**

**B. Transactions with related parties during the year**

Nature of Transaction	March 31, 2020	March 31, 2019
<b>Sales of products and services</b>		
Economic Explosives Limited	106.61	82.27
Blastec (India) Private Limited	1.22	2.01
Nigachem Nigeria Limited	23.94	30.32
Solar Explochem Zambia Limited	10.42	8.46
Solar Patlayici Maddeler Sanayi Ve Ticaret Anonim Sirketi	25.19	45.20
Solar Mining Services (Pty) Ltd, South Africa	32.72	17.23
Solar Mining Services Pty Ltd (formerly known as Australian Explosive Technologies Group Pty Limited)	7.25	5.00
Solar Nitro Ghana Limited	0.44	-
Laghe Venture Company Ltd	3.26	-
<b>Total</b>	<b>211.05</b>	<b>190.49</b>
<b>Other operating income</b>		
Economic Explosives Limited- License	0.22	0.22
Nigachem Nigeria Limited (Technical consultancy)	0.94	0.99
<b>Other Income (Arrangement fees)</b>		
Solar Overseas Mauritius Ltd.	0.46	1.00
Solar Mining Services (Pty) Ltd, South Africa	1.26	0.11
Solar Patlayici Maddeler Sanayi Ve Ticaret Anonim Sirketi	0.16	0.17
<b>Cross Charges recovered</b>		
Economic Explosives Limited	0.14	0.17
Blastec (India) Private Limited	0.02	0.02
Nigachem Nigeria Limited	0.08	0.08
Solar Explochem Zambia Limited	0.05	0.06
Solar Patlayici Maddeler Sanayi Ve Ticaret Anonim Sirketi	0.13	0.16
Solar Mining Services (Pty) Ltd, South Africa	0.03	0.04
Solar Mining Services Pty Ltd, Australia*	0.00	0.00
Solar Madencilik Hizmetleri A.S.	0.02	-
<b>Total</b>	<b>3.51</b>	<b>3.02</b>
<b>Sale of fixed assets</b>		
Blastec (India) Private Limited	0.36	-
<b>Total</b>	<b>0.36</b>	<b>-</b>
<b>Purchase of raw material, components and fixed assets</b>		
Economic Explosives Limited	109.48	86.73
Blastec (India) Private Limited	0.01	-
Emul Tek Private Limited	0.46	-
Solar Patlayici Maddeler Sanayi Ve Ticaret Anonim Sirketi	-	0.01
Solar Mining Services (Pty) Ltd, South Africa	-	0.06
<b>Total</b>	<b>109.95</b>	<b>86.80</b>
<b>Balances written off</b>		
SMS Bhatgaon Mines Extension Private Limited	-	1.00
Solar Bhatgaon Extension Mines Private Limited	-	0.14
<b>Total</b>	<b>-</b>	<b>1.14</b>
<b>Donation made</b>		
Solar Enlightenment Foundation	-	0.62
<b>Total</b>	<b>-</b>	<b>0.62</b>
<b>Purchase of License</b>		
Economic Explosives Limited	1.14	1.24
<b>Total</b>	<b>1.14</b>	<b>1.24</b>
<b>Other Expenditure</b>		
Solar Synthetics Private Limited	0.15	0.19
Economic Explosives Limited	1.01	-
AG Technologies Pvt. Ltd. (Rent) (refer note 29D)	0.32	-
Solar Synthetics Private Limited (Rent)	0.07	0.06
Solar Mining Services (Pty) Ltd, South Africa	0.16	-
Solar Mining Services Pty Ltd (formerly known as Australian Explosive Technologies Group Pty Limited)	-	0.34
<b>Total</b>	<b>1.71</b>	<b>0.59</b>





Solar Industries India Limited  
Notes to Standalone financial statements for the year ended March 31, 2020  
(All amounts in ₹ Crores, unless otherwise stated)

Nature of Transaction	March 31, 2020	March 31, 2019
<b>Investment</b>		
Solar Overseas Mauritius Ltd. <sup>^</sup>	67.96	
Blastec (India) Private Limited	-	4.91
<b>Total</b>	<b>67.96</b>	<b>4.91</b>
<b>Loans given/ (repaid) during the year</b>		
<b>Given</b>		
Economic Explosives Limited Given	589.34	398.38
Blastec (India) Private Limited Given	40.53	60.19
Solar Overseas Mauritius Ltd. Loan Given	94.28	78.03
Emul Tek Private Limited Given	0.57	0.81
	<b>724.72</b>	<b>537.41</b>
<b>Repaid</b>		
Economic Explosives Limited Recovered	(650.39)	(390.84)
Blastec (India) Private Limited Recovered	(33.51)	(65.82)
Solar Overseas Mauritius Ltd. Recovered	(52.96)	-
Emul Tek Private Limited Recovered	(0.60)	(0.04)
	<b>(737.46)</b>	<b>(456.70)</b>
<b>Total (net)</b>	<b>(12.74)</b>	<b>80.71</b>
<b>Interest Income</b>		
Economic Explosives Limited	4.09	6.07
Blastec (India) Private Limited	1.28	1.24
Emul Tek Private Limited	0.25	0.21
Solar Overseas Mauritius Ltd	10.71	6.23
SMS Bhatgaon Mines Extension Private Limited	-	0.06
Solar Bhatgaon Extension Mines Private Limited	-	0.01
<b>Total</b>	<b>16.33</b>	<b>13.82</b>
<b>Remuneration to KMP**</b>		
<b>Short-term employee benefits</b>		
Shri S.N. Nuwal	2.70	2.70
Shri K.C. Nuwal (refer note 29D)	2.70	2.70
Shri Manish Nuwal	2.70	2.70
Shri R D Vakil	-	0.03
Shri Suresh Menon	0.48	0.35
Shri Anil Kumar Jain	0.51	0.42
Shri Nilesh Panpaliya	0.36	0.32
Mrs. Khushboo Pasari	0.12	0.11
<b>Total</b>	<b>9.57</b>	<b>9.33</b>
<b>Sitting fees</b>		
Shri Anant Sagar Awasthi	0.02	0.02
Shri Dilip Patel	0.03	0.04
Shri Ajai Nigam	0.03	0.03
Shri Amrendra Verma	0.04	0.03
Smt Madhu Vij	0.03	0.03
Shri Sunil Shrivastav	0.01	-
<b>Total</b>	<b>0.16</b>	<b>0.15</b>
<b>Guarantee given on behalf of subsidiary</b>		
Solar Overseas Mauritius Limited	132.10	-
Solar Mining Services (Pty) Limited, South Africa	102.71	34.58
Solar Patlayici Maddeleer	75.66	-
<b>Total</b>	<b>310.47</b>	<b>34.58</b>

**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. Assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

\* Amount is less than ₹ 0.01 as at March 31, 2020 and March 31, 2019

\*\*This aforesaid amount does not include 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.

<sup>^</sup>Conversion of loan into investment



**Solar Industries India Limited**  
**Notes to Standalone financial statements for the year ended March 31, 2020**  
**(All amounts in ₹ Crores, unless otherwise stated)**

**C. Balance outstanding at the year end are as follows:**

	March 31, 2020	March 31, 2019
<b>Loans</b>		
Economic Explosives Limited	5.81	66.87
Blastec (India) Private Limited	15.31	8.30
Solar Overseas Mauritius Ltd.	118.44	133.21
Emul Tek Private Limited	2.88	2.91
<b>Total</b>	<b>142.44</b>	<b>211.29</b>
<b>Other Financial Assets (Accrued Interest)</b>		
Economic Explosives Limited	1.16	1.11
Blastec (India) Private Limited	0.60	0.21
Solar Overseas Mauritius Limited	2.70	3.56
Emul Tek Private Limited	0.11	0.05
<b>Total</b>	<b>4.57</b>	<b>4.93</b>
<b>Trade receivables/ Other Receivables</b>		
Ngachem Nigeria Limited	7.62	4.38
Solar Patlayici Maddeler Sanayi Ve Ticaret Anonim Sirketi	24.99	22.68
Blastec (India) Private Limited	-	2.07
Solar Mining Services (Pty) Limited, South Africa	37.53	16.07
Solar Explochem Zambia Limited	6.11	0.95
Emul Tek Private Limited	-	0.01
Economic Explosives Limited	12.08	8.36
Solar Mining Services (Pty) Limited, Australia	5.01	3.30
Laghe Venture Company Ltd	3.44	-
Solar Overseas Mauritius Ltd	0.49	-
Solar Madencilik Hizmetleri A.S.	0.03	-
Solar Nitro Ghana Limited	0.46	-
Solar Synthetics Pvt. Ltd. *	-	0.00
<b>Total</b>	<b>97.76</b>	<b>57.82</b>
<b>Trade payables/ Other payables</b>		
Economic Explosives Limited	10.90	2.17
Solar Mining Services (Pty) Limited, South Africa	0.16	-
Emul Tek Private Limited	0.18	-
Solar Synthetics (P) Ltd	-	0.02
Shri S.N.Nuwal	0.23	0.07
Shri Manish Nuwal	0.16	0.08
Shri K.C. Nuwal (refer note 29D)	0.05	0.08
<b>Total</b>	<b>11.68</b>	<b>2.42</b>
<b>Capital creditors</b>		
Emul Tek Private Limited	0.36	-
<b>Total</b>	<b>0.36</b>	<b>-</b>
<b>Guarantees (Including SBL's) given on behalf of subsidiary</b>		
Solar Overseas Mauritius Limited	330.71	181.51
Solar Mining Services (Pty) Limited, South Africa	155.67	48.41
Solar Patlayici Maddeler Sanayi Ve Ticaret Anonim Sirketi	75.66	69.15
<b>Total</b>	<b>562.04</b>	<b>299.07</b>

\* Amount is less than ₹ 0.01 as at March 31, 2020 and March 31, 2019

D. Mr. Kailash Chandra Nuwal, Executive Director and Vice Chairman of the Company has vacated office of Director with effect from November 7, 2019 on account of failure to make disclosures of his shareholding and directorship in AG Technologies Private Limited in the correct / complete format, either on the date of becoming a director thereof or facilitating, without the prior approval of the Audit Committee, a Rent Agreement between the Company and AG Technologies Private Limited, which was (and continued to be) related party.

Based on legal opinions obtained, the Company has concluded that the aforesaid act was a violation of section 184(1) and 184(2) of the Companies Act, 2013, Regulation 23 of Securities and Exchange Board of India [Listing Obligations and Disclosure Requirements] Regulations, 2015 and the 'Policy on Related Party Transactions of the Company'. The Company has intimated the Stock exchanges and filed necessary documents with the Registrar of Companies intimating vacation of office by the said Director.

The audit committee during its meeting held on July 31, 2020 noted that the said transaction was not pre-approved by the audit committee. Based on legal evaluation, the Company believes that there are no other legal non-compliance due to vacation of office by the said Director.



**Note 30. Segment Information**

The Company has identified 'Explosives and its accessories', as its only primary reportable segment. The Board of Directors of the 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 31. Fair value measurements**

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

The 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:

- 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.
- The fair values of the quoted investments/ units of mutual fund schemes are based on market price/ net asset value at the reporting date.
- 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, Option contracts 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.
- 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.
- 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, 2020 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, 2020 is as follows:

	Carrying Value	Notes	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Financial assets</b>					
<b>Amortised cost -</b>					
Loans	147.98	5	-	147.98	-
Other financial assets (except derivatives)	90.26	6	-	-	-
Trade receivables	205.96	7	-	-	-
Cash and cash equivalents	62.86	8	-	-	-
Bank balances other than cash and cash equivalents	2.12	8	-	-	-
<b>Fair value through profit and loss</b>					
Investment in equity instruments of others (unquoted)	0.11	4	-	0.11	-
Investment in Venture Capital Fund (unquoted)	2.14	4	-	2.14	-
Investment in equity instruments (quoted)	0.02	4	0.02	-	-
<b>Fair value through profit and loss</b>					
Derivative Instruments designated as hedge	2.05	6	-	2.05	-
<b>Financial Liabilities</b>					
<b>Amortised cost</b>					
Borrowings					
Non-current	63.45	12	-	63.45	-
Current	38.74	13	-	38.74	-
Trade payables	106.33	15	-	-	-
Other financial liabilities (except derivatives)	62.72	16	-	-	-
<b>Fair value through Other Comprehensive Income</b>					
Derivative Instruments not designated as hedge	0.62	16	-	0.62	-

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





**Solar Industries India Limited**

**Notes to Standalone financial statements for the year ended March 31, 2020**  
**(All amounts in ₹ Crores, unless otherwise stated)**

The carrying value and fair value of financial instruments by categories including the quantitative disclosures of fair value measurement hierarchy as at March 31, 2019 is as follows:

	Carrying Value	Notes	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Financial assets</b>					
<b>Amortised cost -</b>					
Loans	213.80	5	-	213.80	-
Other financial assets (except derivatives)	88.08	6	-	-	-
Trade receivables	185.49	7	-	-	-
Cash and cash equivalents	19.94	8	-	-	-
Bank balances other than cash and cash equivalents	7.37	8	-	-	-
<b>Fair value through profit and loss</b>					
Investment in equity instruments of others (unquoted)	0.11	4	-	0.11	-
Investment in Venture Capital Fund (unquoted)	2.36	4	-	2.36	-
Investment in equity instruments (quoted)	0.05	4	0.05	-	-
Investment in mutual funds (quoted)	30.03	4	30.03	-	-
<b>Fair value through Other Comprehensive Income</b>					
Derivative Instruments designated as hedge	0.03	6	-	0.03	-
<b>Financial Liabilities</b>					
<b>Amortised cost</b>					
<b>Borrowings</b>					
Non-current	36.89	12	-	36.89	-
Current	45.22	13	-	45.22	-
Trade payables	86.27	15	-	-	-
Other financial liabilities (except derivatives)	123.03	16	-	-	-
<b>Fair value through profit and loss</b>					
Derivative Instruments not designated as hedge	4.92	16	-	4.92	-

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



**Solar Industries India Limited**

**Notes to Standalone financial statements for the year ended March 31, 2020**

**(All amounts in ₹ Crores, unless otherwise stated)**

**Note 32. 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 Loan	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/forward
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	Ageing 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.

Name of the instrument	Currency	March 31, 2020	March 31, 2019
<b>Derivatives designated as hedge</b>			
Interest rate swap*	USD	0.01	0.00

\*Amount is less than USD 0.01 for both period

0.5% changes in LIBOR will increase/ decrease the borrowing cost by ₹ 0.20 (Pre-tax)

0.5% changes in interest rate will increase/ decrease the borrowing cost by ₹ 0.14 (Pre-tax)

The Company does not have significant investment in Bank Deposits and hence not significantly exposed to Interest rate sensitivity.



**Solar Industries India Limited**

Notes to Standalone financial statements for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

**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.

**a) Derivative outstanding as at the reporting date**

The Company has borrowings(short term and long term) in foreign currency amounting to ₹ 40.36 (March 31, 2019: ₹ 171.31). Accordingly, in order to hedge the foreign currency risk on these borrowings, the Company has taken foreign exchange forward / call spread contracts, which are as follows:

Nominal value of forward contracts & option contracts that hedge monetary liabilities in foreign currencies, and for which no hedge accounting is applied, are recognised in the Statement of profit and loss.

Name of the Instrument	Currency	March 31, 2020	March 31, 2019
<b>Derivatives not designated as hedge</b>			
Forward contract	USD	-	1.77
Call spread	USD	0.53	0.71
Seagull	USD	0.12	-

Unhedged foreign currency exposure as at the reporting date expressed in INR are as follows :

	March 31, 2020			March 31, 2019		
	USD	SEK	ZAR	USD	SEK	ZAR
Trade Receivable	79.90	-	36.54	69.64	-	15.35
Loans	118.44	-	-	136.92	-	-
Trade Payables	0.04	0.11	0.16	0.21	-	-

1% increase or decrease in foreign exchange rates will have the following impact on profit before tax:-

	March 31, 2020	March 31, 2019
USD	1.98	2.06
SEK *	0.00	-
ZAR	0.36	0.15

\* Amount is less than SEK 0.01 in March 31, 2020





**Solar Industries India Limited**

Notes to Standalone financial statements for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

**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, 2020	March 31, 2019
Investment in equity shares (quoted)	0.02	0.05
Investment in mutual funds	-	30.03

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 ₹ 0.00\* (March 31, 2019: ₹ 0.30) (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.

\*Amount is less than ₹ 0.01

**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. However there is no counter party risk. (refer note 5)



**Solar Industries India Limited**

Notes to Standalone financial statements for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

**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, 2020	133.75	30.38	55.28	219.41
As at March 31, 2019	133.36	23.09	37.07	193.52

The following table summarizes the changes in the provisions made for the receivables:

	March 31, 2020	March 31, 2019
Opening balance	8.03	16.29
Provided during the year	5.42	3.47
Utilisation of provisions	-	(11.73)
<b>Closing balance</b>	<b>13.45</b>	<b>8.03</b>

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.

**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	Total
<b>March 31, 2020</b>					
Borrowings	5.41	40.06	20.18	63.45	129.10
From Banks (net of interest accrued but not due)	-	97.34	8.99	-	106.33
Trade payables	0.05	14.50	21.13	-	35.68
Other financial liabilities (excluding derivatives and lease liabilities)	-	-	0.17	0.44	0.61
Lease liabilities (Gross)	-	-	-	0.62	0.62
Derivative Instruments	-	-	-	-	-
<b>March 31, 2019</b>					
Borrowings	-	21.80	112.62	36.89	171.31
From Banks (net of interest accrued but not due)	-	86.27	-	-	86.27
Trade payables	0.06	12.28	21.49	-	33.83
Other financial liabilities (excluding derivatives)	-	0.89	4.03	-	4.92
Derivative Instruments	-	-	-	-	-



**Solar Industries India Limited**

Notes to Standalone financial statements for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

**Note 33. Capital management**

For the purpose of the 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 and bank balances.

	March 31, 2020	March 31, 2019
Net Debt	66.22	116.19
Equity	1,021.38	885.05
Capital Employed	1,087.60	1,001.24
<b>Net Gearing ratio</b>	<b>6.09%</b>	<b>11.60%</b>

Calculation of net debt is as follows :

	March 31, 2020	March 31, 2019
Borrowings		
Non-Current	63.45	36.89
Current	38.74	45.22
Current maturities of long-term debt	26.91	89.20
	<b>129.10</b>	<b>171.31</b>
Cash and cash equivalents and Bank balance (excluding earmarked balances with banks and margin money)	62.86	25.04
Current Investments	0.02	30.08
	<b>62.88</b>	<b>55.12</b>
<b>Net Debt</b>	<b>66.22</b>	<b>116.19</b>

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, 2020.

**Note 34. Research & Development Expenditure:**

Nature	March 31, 2020	March 31, 2019
Revenue Expenditure	6.21	7.19
Capital Expenditure	0.72	5.38
<b>Total</b>	<b>6.93</b>	<b>12.57</b>

1. Capital Expenditure incurred on R&D is included in property, plant and equipment 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 Profit and Loss.





Solar Industries India Limited

Notes to Standalone financial statements for the year ended March 31, 2020  
(All amounts in ₹ Crores, unless otherwise stated)

**Note 35. Revenue from operations**

**a. Principal revenue generation activity**

The Company is engaged in the manufacturing of complete range of industrial explosives, explosive initiating devices and high energy materials for defence applications.

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

**b. Disaggregated Revenue information**

The Company's disaggregate revenue by geographical location.

	March 31, 2020	March 31, 2019
India	1,196.76	1,298.85
Rest of the World	260.91	311.38
<b>Total</b>	<b>1,457.67</b>	<b>1,610.23</b>

**c. Contract balances**

The timing of revenue recognition, billings and cash collection results in trade receivables, and billings in excess of costs and estimated earnings on uncompleted contracts (contract liabilities) on the balance sheet as at March 31, 2020.

The company discloses receivables from contracts with customer separately in the balance sheet. To comply with the other disclosures requirements for contract assets and contract liabilities following information is disclosed.

	March 31, 2020	March 31, 2019
Trade Receivables	205.96	185.49
Contract Liabilities	13.15	9.51

**d. Reconciling the amount of revenue recognised in statement of profit and loss with the contracted price**

	March 31, 2020	March 31, 2019
Revenue as per contracted price	1,494.76	1,642.26
Adjustments for:		
Rebates, Discounts and Powder Factor deductions	(37.09)	(32.03)
<b>Revenue from contract with customers</b>	<b>1,457.67</b>	<b>1,610.23</b>

**e. Transaction price allocated to the remaining performance obligations**

Remaining unsatisfied performance obligations represent the transaction price for goods and services for which the Company has a material right but work has not been performed. Transaction price of the order backlog includes the base transaction price, variable consideration and changes in transaction price. The transaction price of order backlog related to unfilled, confirmed customer orders is estimated at each reporting date. As of March 31, 2020, the aggregate amount of the transaction price allocated to order backlog was ₹ 1,216.07. The Company expects to recognise revenue within the range from 90% to 95% of the order backlog through 2020-21.



**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, 2020	March 31, 2019
Principal amount outstanding (whether due or not) to micro and small enterprises	4.30	3.24
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 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, 2005	-	-

Note : Dues to Micro & Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by management. This has been relied upon by the auditors.

**Note 37.** The outbreak of Coronavirus (COVID-19) pandemic globally and in India is causing significant disturbance and slowdown of economic activity. In many countries, businesses are being forced to cease or limit their operations for long or indefinite periods of time. Measures taken to contain the spread of the virus includes travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown.

COVID-19 is significantly impacting business operation of the companies in India. On March 24, 2020, the Government of India announced a nationwide lockdown for 21 days which got further extended multiple times to prevent community spread of COVID-19 resulting in significant reduction in economic activities.

On the basis of guidelines issued by the government authorities, some of the Company's products are categorised as essential goods and accordingly the Company has partially resumed its operations. The Company has made an assessment of the impact of the pandemic on its operations and the carrying value of current and non-current assets, based on the internal and external sources of information and indicators of economic forecasts. Based on such assessment, the Company is confident of recovering the carrying value of these assets as at March 31, 2020.

The future impact of the global health pandemic may be different from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

**Note 38.** The financial statements were approved for issue by the Board of Directors on July 31, 2020

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.- 151910



Place: Nagpur  
Date: July 31, 2020

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



per Pramod Kumar Bapna  
Partner  
Membership No.- 105497



Place: Mumbai  
Date: July 31, 2020

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

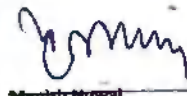


S.N. Nuwal  
Chairman &  
Executive Director  
DIN: 00713547



Khushboo Pasari  
Company Secretary  
Membership No.- F7347

Place: Nagpur  
Date: July 31, 2020



Manish Nuwal  
Managing Director &  
CEO  
DIN: 00164388



Nilesh Panpallya  
Chief Financial Officer



**Akshay Rathi & Associates**  
Chartered Accountants  
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Nagpur - 440012

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LLP Identity number: AAB-4318

## **INDEPENDENT AUDITORS' REPORT**

To the Members of Solar Industries India Limited

### **Report on the Audit of the Consolidated Ind AS Financial Statements**

#### **Opinion**

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") and its jointly controlled entity comprising of the consolidated Balance sheet as at March 31 2020, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

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 and jointly controlled entity, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("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 and jointly controlled entity as at March 31, 2020, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

#### **Basis for Opinion**

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditors' Responsibilities for the Audit of the Consolidated Ind AS Financial Statements' section of our report. We are independent of the Group and jointly controlled entity in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.





**Emphasis of Matter**

We draw attention to Note 38 of the consolidated Ind AS financial statements, which describes the Management's assessment of the impact of the outbreak of COVID-19 on the business operations, recoverability and financial position of the Group.

Our opinion is not modified in respect of this matter.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the consolidated Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated Ind AS financial statements. The results of audit procedures performed by us and by other auditors of components not audited by us, as reported by them in their audit reports furnished to us by the management, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated Ind AS financial statements.

Key audit matters	How our audit addressed the key audit matter
<b>Revenue Recognition</b> (as described in note 2.2 (j) of the consolidated Ind AS financial statements)	
<p>Revenue from sale of goods is recognized as outlined in note 20 of the consolidated Ind AS financial statements.</p> <p>The Holding Company estimates the provision for powder factor on sales made to certain customers which is generally the percentage of blast output achieved at the time of blasting of the products at the customer 'site. Powder factor is based on the agreement with customer, volume of output achieved at the site, which is measured at a later date. Accordingly, the provision is made based on the likely powder factor to be achieved on current sales which is reduced from the sales for the period.</p> <p>As at March 31, 2020, the Holding Company is carrying a powder factor provision of Rs. 11.37 crore.</p> <p>This is a key audit matter as significant estimate is involved to establish the percentage of blast output achieved, the</p>	<p>Our audit procedures include the following:</p> <ul style="list-style-type: none"> <li>• Evaluated the Holding Company's accounting policies pertaining to revenue recognition and assessed compliance with those policies in terms of Ind AS 115 (Revenue from contract with customers).</li> <li>• Assessed and tested the design and operating effectiveness of the Holding Company's internal financial controls over the estimation of powder factor provision. We obtained an understanding of the key controls management has in place to monitor the powder factor provision.</li> <li>• Read the agreement with customers for validating terms relating to powder factor.</li> <li>• Assessed the key management assumptions/ judgement relating to various parameters for measuring / estimating the amount of such powder factor provisions.</li> </ul>



Key audit matters	How our audit addressed the key audit matter
<p>settlement of which happens in future as per the terms of contract and mutual agreement.</p>	<ul style="list-style-type: none"> <li>• We tested on sample basis, the accuracy of the underlying data used for computation of powder factor provisions and verified the arithmetical accuracy of powder factor provision.</li> <li>• Evaluated the historical trend against the actual powder factor deduction.</li> <li>• Assessed and reviewed the disclosures made by the company in the consolidated Ind AS financial statements.</li> </ul>
<p><b>Carrying value of trade receivables</b> (as described in note 2.2 (i)(4) of the consolidated Ind AS financial statements)</p>	
<p>As at March 31, 2020, trade receivables constitutes approximately 15% of total assets of the Group. The Holding Company is required to regularly assess the recoverability of its trade receivables.</p> <p>The Holding Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on trade receivables. The Holding Company uses a provision matrix to determine impairment loss allowance. The provision matrix is based on its historically observed default rates over the expected life of trade receivables and is adjusted for forward looking estimates which is also outlined in note 2.2 (i)(4) of the consolidated Ind AS financial statements.</p> <p>This is a key audit matter as significant judgement is involved to establish the provision matrix.</p> <p>The trade receivables balance, credit terms and aging as well as the Group's policy on impairment of receivables have been disclosed in note 7 to the consolidated Ind AS financial statements.</p> <p>The auditors of Economic Explosives Limited ('EEL'), a subsidiary of the Holding Company have also reported key audit matter on the aforesaid topic.</p>	<p>Our audit procedures include the following:</p> <ul style="list-style-type: none"> <li>• Evaluated the Holding Company's accounting policies pertaining to impairment of financial assets and assessed compliance with those policies in terms of Ind AS 109 (Financial Instruments).</li> <li>• Assessed and tested the design and operating effectiveness of the Holding Company's internal financial controls over provision for expected credit loss.</li> <li>• Evaluated management's assumption and judgment relating to various parameters which includes the historical default rates and business environment in which the entity operates for estimating the amount of such provision.</li> <li>• Evaluated management's assessment of recoverability of the outstanding receivables and recoverability of the overdue / aged receivables through inquiry with management, and analysis of collection trends in respect of receivables.</li> <li>• Assessed and reviewed the disclosures made by the Company in the consolidated Ind AS financial statements.</li> </ul> <p>In respect of the key audit matter reported to us by the auditors of EEL, we performed inquiry of the audit procedures performed by them to address the key audit matter. As reported to us by the component</p>





Key audit matters	How our audit addressed the key audit matter
	auditor, the audit procedures performed include the audit procedures mentioned above.
<b>Receivables under Package Scheme of Incentives 2007 (PSI)</b>	
<p>The Holding Company was eligible to claim benefits under Package Scheme of Incentives 2007, for the sales tax paid by eligible industrial unit as per Maharashtra Value Added Tax, 2002.</p> <p>From July 1, 2017, post the implementation of Goods and Service Tax (GST), The Industry, Energy and Labour Department, Government of Maharashtra, issued a notification dated June 12, 2018, which clarified that Units can continue to claim benefit under PSI Scheme by claiming 100% of State GST (SGST) paid by eligible industrial unit. Accordingly, the Holding Company is accruing incentive @100% of SGST paid by the Company in Maharashtra.</p> <p>Total outstanding receivable of PSI incentive relating to above as at March 31, 2020 is INR 105.98 crore.</p> <p>This is a key audit matter as significant judgement is involved to establish the recoverability and the timing of receipt of the above amount.</p> <p>The auditors of Economic Explosives Limited ('EEL'), a subsidiary of the Holding Company have also reported key audit matter on the aforesaid topic.</p>	<p>Our audit procedures included and were not limited to the following:</p> <ul style="list-style-type: none"> <li>• Read the PSI scheme and evaluated the eligibility of the Holding Company to claim incentives.</li> <li>• Read the notification issued by The Industry, Energy and Labour Department, Government of Maharashtra relating to continuation of benefits on SGST paid by eligible Units and evaluated its impact on Holding Company's eligibility of PSI incentive.</li> <li>• Evaluated the historical trend of receiving amounts under PSI Scheme as against the claims filed.</li> <li>• Read the correspondences with the government department relating to incentive claims filed by the Holding Company.</li> <li>• Evaluated management's assessment of the recoverability of the outstanding receivables and recoverability of the overdue / aged receivables and timing of the receipt through inquiry with management, and analysis of collection trends in respect of receivables.</li> </ul> <p>In respect of the key audit matter reported to us by the auditors of EEL, we performed inquiry of the audit procedures performed by them to address the key audit matter. As reported to us by the component auditor, the audit procedures performed include the audit procedures mentioned above.</p>
<b>Deferred Tax Asset</b> (as described in note 2.2 (o) of the consolidated Ind AS financial statements)	
<p>The auditors of Solar Overseas Mauritius Limited ('SOML'), a subsidiary of the Holding Company have reported recoverability of deferred tax asset in subsidiaries in South Africa and Australia as key audit matter.</p> <p>As at March 31, 2020, the Group has an outstanding deferred tax asset balance of Rs. 51.53 crore.</p>	<p>Our audit procedures included and were not limited to the following:</p> <ul style="list-style-type: none"> <li>• In respect of the key audit matter reported to us by the auditors of SOML, we performed inquiry of the audit procedures performed by them to address the key audit matter. As reported to us by the subsidiary auditor, the following procedures have been performed by them:-</li> </ul>





Key audit matters	How our audit addressed the key audit matter
<p>We considered this a key audit matter because deferred tax assets constitute a material balance in the financial statements and significant judgement is required by the company in determining the recoverability of deferred tax assets arising from past tax losses due to inherent uncertainties involved in forecasting such profits.</p> <p><b>A - Recoverability of deferred tax assets in South Africa</b></p> <p>The Company has recently started operations in South Africa. Being in the initial years of operations, these entities have incurred significant losses. The management has recognised deferred tax assets on these losses amounting to Rs. 36.10 crore as at March 31, 2020 based on the source of such losses, forecasts based on market expectations, its experience with respect to recoverability of losses from operations in the other territories and period over which these losses can be carried forward.</p> <p>The ultimate recoverability of the deferred tax asset depends on continued improvements in the profitability of the businesses.</p> <p><b>B - Recoverability of deferred tax assets in Australia</b></p> <p>The Company has recently started operations in Australia for which the Company has acquired land and is in the process of setting up a manufacturing facility.</p> <p>The Company has incurred losses and has taxable timing differences on which deferred tax assets have been recognized amounting to Rs. 5.95 crore as at March 31, 2020.</p> <p>Based on forecasts, market expectations, its experience with respect to recoverability of losses from operations in other territories and the period over which these losses can be carried forward a deferred tax asset has been recognised in the financial report.</p>	<p><b>A – South Africa:</b></p> <ul style="list-style-type: none"> <li>• Evaluated management's assessment of source of losses; a major amount of which pertains to non-operating losses i.e., finance cost and currency loss restatement.</li> <li>• Evaluated the progress made by the Company in improving the profitability of the business in recent periods.</li> <li>• Assessed the credibility of the business plans used in the deferred tax asset recoverability assessment. These were based on a 5 year plan.</li> <li>• Assessed the tax rate applied (28%) to the forecast future taxable profits and also the time period over which tax losses can be carried forward.</li> <li>• Assessed the performance of the company and the recoverability of losses in the other territories.</li> </ul> <p><b>B – Australia:</b></p> <ul style="list-style-type: none"> <li>• Evaluated management's assessment of a major amount of which pertains to non-operating losses i.e., finance costs and restatement losses due to depreciation of local currency against USD.</li> <li>• Evaluated the progress made by the Company in improving the profitability of the business.</li> <li>• Assessed the credibility of the business plans used in the deferred tax asset recoverability assessment. These were based on a five- year forecast.</li> <li>• Assessed the tax rate applied to the forecast future taxable profits and also the time period over which tax losses can be carried forward.</li> <li>• Assessed the performance of the Company and the recoverability of losses in the other territories.</li> </ul>



### Information Other than the Financial Statements and Auditors' Report Thereon

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the consolidated Ind AS financial statements and our auditors' report thereon.

Our opinion on the consolidated Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the consolidated Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in terms of the requirements of 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 including its jointly controlled entity in accordance with the 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. The respective Board of Directors of the companies included in the Group and jointly controlled entity 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 jointly controlled entity 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 controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS 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.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group and jointly controlled entity are responsible for assessing the ability of the Group and jointly controlled entity to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group and jointly controlled entity are also responsible for overseeing the financial reporting process of the Group and jointly controlled entity.

### Auditors' Responsibilities for the Audit of the Consolidated Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material





misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and jointly controlled entity to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and jointly controlled entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and jointly controlled entity of which we are the independent auditors and whose financial information we have audited, to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated Ind AS financial statements of which we are the independent auditors. For the other entities included in the consolidated Ind AS financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated Ind AS financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.





From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Other Matters

- (a) The accompanying consolidated Ind AS financial statements include the financial statements and other financial information, in respect of 1 subsidiary, whose Ind AS financial statements include total assets of Rs. 678.73 crore as at March 31, 2020, and total revenues of Rs. 417.04 crore and net cash inflows of Rs. 4.85 crore for the year ended on that date which has been audited by one of the joint auditors, which report has 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 of such joint auditor.
- (b) We did not audit the financial statements and other financial information, in respect of 11 subsidiaries, whose Ind AS financial statements include total assets of Rs. 1,385.75 crore as at March 31, 2020, and total revenues of Rs. 744.10 crore and net cash outflows of Rs. 18.49 crore for the year ended on that date. These Ind AS financial statement and other financial information have been audited by other auditors, which financial statements, other financial information and auditors' 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 reports of such other auditors.
- (c) The accompanying consolidated Ind AS financial statements include unaudited financial statements and other unaudited financial information in respect of 10 subsidiaries whose financial statements and other financial information reflect total assets of Rs. 472.91 crore as at March 31, 2020, and total revenues of Rs. 12.94 crore and net cash inflows of Rs. 4.34 crore for the year ended on that date. These unaudited financial statements and other unaudited financial information have been furnished to us by the management. The consolidated Ind AS financial statements also include the Group's share of net profit of Rs. Nil for the year ended March 31, 2020, as considered in the consolidated Ind AS financial statements, in respect of a jointly controlled entity, whose financial statements, other financial information have not been audited and whose unaudited financial statements, other unaudited financial information have been furnished to us by the Management. Our opinion, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and jointly controlled entity 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 and jointly controlled entity, is based solely on such unaudited financial statements and other unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements and other financial information are not material to the Group.

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 unaudited financial statements and other unaudited 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 and the other financial information of subsidiaries, and jointly controlled entity, as noted in the 'other matters' paragraph we report, to the extent applicable, that:

- (a) We/the other auditors whose report 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 purposes 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, the 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 Standards) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2020 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 subsidiaries none of the directors of the Group's companies, incorporated in India, is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act. Further, as more fully described in Note 30D of the consolidated Ind AS financial statements, one of the director of the Holding Company, Mr. Kailash Chandra Nuwal, has vacated the office of director with effect from November 7, 2019 due to violation of certain provisions of the Act;
- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements of the Holding Company and its subsidiaries, incorporated in India, refer to our separate Report in "Annexure 1" to this report;
- (g) In our opinion and based on the consideration of reports of other statutory auditors of the subsidiaries, incorporated in India, the managerial remuneration for the year ended March 31, 2020 has been paid / provided by the Holding Company and its subsidiaries incorporated in India to their directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- (h) 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, as amended, 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 and 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, and jointly controlled entity in its





consolidated Ind AS financial statements – Refer Note 29 to the consolidated Ind AS financial statements;

- ii. Provision has been made in the consolidated Ind AS financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 24 to the consolidated Ind AS financial statements in respect of such items as it relates to the Group and jointly controlled entity;
- 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, 2020.

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



per Akshay Rathi  
Proprietor  
Membership No.: 161910



UDIN: 20161910AAAABL7864

Place: Nagpur  
Date: July 31, 2020

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



per Pramod Kumar Bapna  
Partner  
Membership No.: 105497



UDIN: 20105497AAAACD5094

Place: Mumbai  
Date: July 31, 2020





**ANNEXURE 1 TO THE INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS OF SOLAR INDUSTRIES INDIA LIMITED**

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

In conjunction with our audit of the consolidated Ind AS financial statements of Solar Industries India Limited as of and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of Solar Industries India Limited (hereinafter referred to as the "Holding Company") and its subsidiaries, 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, its subsidiaries, 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.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Holding Company, its subsidiaries, which are companies incorporated in India, internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements 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 with reference to these consolidated Ind AS financial statements 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 with reference to these consolidated Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements, 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 auditors' 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 with reference to these consolidated Ind AS financial statements.

#### **Meaning of Internal Financial Controls Over Financial Reporting with Reference to these Consolidated Ind AS Financial Statements**

A company's internal financial control over financial reporting with reference to these consolidated Ind AS financial statements 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 with reference to these consolidated Ind AS financial statements 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 with Reference to these Consolidated Ind AS Financial Statements**

Because of the inherent limitations of internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements, 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 with reference to these consolidated Ind AS financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these consolidated Ind AS financial statements 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, to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors, as referred to in Other Matters paragraph, the Holding Company and its subsidiaries, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls system over financial reporting with reference to these consolidated Ind AS financial statements and such internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements were operating effectively as at March 31, 2020, 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 Matter

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements of the Holding Company, in so far as it relates to separate financial statements of 5 subsidiaries, which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiaries incorporated in India.

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



per Akshay Rathi  
Proprietor  
Membership No.: 161910



UDIN: 20161910AAAABL7864

Place: Nagpur  
Date: July 31, 2020

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



per Pramod Kumar Bapna  
Partner  
Membership No.: 105497



UDIN: 20105497AAAACD5094

Place: Mumbai  
Date: July 31, 2020





	Notes	As at March 31, 2020	As at March 31, 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3A	1,147.41	1,004.45
Capital work-in-progress	3A	152.23	165.56
Goodwill	3B	9.87	8.63
Other intangible assets	3C	34.37	29.51
Intangible assets under development	3C	12.74	12.00
Right-of-use assets	3E	16.90	0.29
<b>Financial assets</b>			
Investments	4	2.33	2.56
Loans	5	21.12	11.66
Other financial assets	6	23.47	12.28
Deferred tax assets (net)	9A	51.53	29.11
Current tax assets (net)		30.03	9.79
Other non-current assets	11	46.82	33.72
<b>Total non-current assets</b>		<b>1,548.82</b>	<b>1,319.56</b>
<b>Current assets</b>			
Inventories	10	330.98	282.74
<b>Financial assets</b>			
Investments	4	0.02	30.08
Trade receivables	7	370.32	399.04
Cash and cash equivalents	8	92.56	61.00
Bank balances other than cash and cash equivalents	8	27.58	30.76
Loans	5	5.67	4.75
Other financial assets	6	86.59	96.36
Other current assets	11	69.78	57.24
<b>Total current assets</b>		<b>983.50</b>	<b>961.97</b>
Non-current assets classified as held for sale	3D		0.53
<b>Total assets</b>		<b>2,532.32</b>	<b>2,282.06</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	12	18.10	18.10
Other equity	12A	1,361.99	1,220.23
<b>Equity attributable to shareholders</b>		<b>1,380.09</b>	<b>1,238.33</b>
Non-controlling interests		51.51	47.55
<b>Total equity</b>		<b>1,431.60</b>	<b>1,285.88</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	13	252.80	151.56
Other financial liabilities	16B	8.99	0.53
Deferred tax liabilities (net)	19	104.86	119.47
Provisions	18	1.92	0.15
<b>Total Non-current liabilities</b>		<b>368.57</b>	<b>271.71</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	14	357.37	312.92
Trade payables	15	154.43	163.30
Other financial liabilities	16A	153.60	189.46
Current tax liabilities (net)		3.24	3.51
Other current liabilities	17	54.97	46.49
Provisions	18	8.54	8.79
<b>Total current liabilities</b>		<b>732.15</b>	<b>724.47</b>
<b>Total liabilities</b>		<b>1,100.72</b>	<b>996.18</b>
<b>Total equity and liabilities</b>		<b>2,532.32</b>	<b>2,282.06</b>

Summary of significant accounting policies

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

As per our report of even date attached

For Akshay Rathi & Associates

Chartered Accountants

ICAI Firm Registration Number: 139703W

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

For and on behalf of the Board of Directors of

Solar Industries India Limited



per Akshay Rathi  
Proprietor  
Membership No.- 161910

per Pramod Kumar Bapna  
Partner  
Membership No.- 105497



S.N. Nuwal  
Chairman &  
Executive Director  
DIN/0073547

Khushboo Pasari  
Company Secretary  
Membership No.- F7347

Manish Nuwal  
Managing Director &  
CEO  
DIN: 00164388

Nilesh Panpaliya  
Chief Financial Officer

Place: Nagpur  
Date: July 31, 2020

Place: Mumbai  
Date: July 31, 2020

Place: Nagpur  
Date: July 31, 2020



Solar Industries India Limited  
 Consolidated statements of Profit and Loss for the year ended March 31, 2020  
 (All amounts in ₹ Crores, unless otherwise stated)

	Notes	Year ended March 31, 2020	Year ended March 31, 2019
Revenue from operations	20	2,237.30	2,461.57
Other income	21	41.05	14.72
<b>Total income</b>		<b>2,278.35</b>	<b>2,476.29</b>
<b>Expenses</b>			
Cost of materials consumed	22A	1,103.78	1,253.46
Purchases of stock-in-trade		153.36	137.34
Changes in inventories of finished goods, work-in-process and stock-in-trade	22B	(42.34)	10.14
Employee benefit expense	23	206.62	184.20
Depreciation and amortization expense	26	84.53	58.89
Other expenses	24	381.36	374.49
Finance costs	25	55.04	49.87
<b>Total expenses</b>		<b>1,942.55</b>	<b>2,068.39</b>
<b>Profit before Exceptional Item &amp; tax</b>		<b>335.80</b>	<b>407.90</b>
Exceptional item (net)		-	(6.05)
<b>Profit before tax</b>		<b>335.80</b>	<b>401.85</b>
Tax expense			
- Current tax		95.37	130.45
- Adjustment of tax relating to earlier periods		0.04	(5.48)
- Deferred tax		(38.28)	0.08
<b>Total tax expense</b>	19	<b>57.13</b>	<b>125.05</b>
<b>Profit for the year</b>		<b>278.67</b>	<b>276.80</b>
<b>Other comprehensive income/(loss)</b>			
<i>Items that will not be reclassified to Profit or Loss</i>			
Remeasurements gain/ (loss) on defined benefit plans		(0.08)	(0.17)
Income tax effect		0.00	0.05
		<b>(0.08)</b>	<b>(0.12)</b>
<i>Items that may be reclassified to Profit or Loss</i>			
Net movement on Cash Flow Hedge Reserve		(0.33)	(0.66)
Income tax effect		0.09	0.23
Exchange difference on translation of foreign operations		(68.61)	(51.24)
Income tax effect		5.55	4.54
		<b>(63.30)</b>	<b>(47.13)</b>
<b>Total other comprehensive income/(loss) for the year, net of tax</b>		<b>(63.38)</b>	<b>(47.25)</b>
<b>Total comprehensive income for the year</b>		<b>215.29</b>	<b>229.55</b>
<b>Net profit attributable to</b>			
a) Owners of the company		267.43	261.61
b) Non-controlling interest		11.24	15.19
		<b>278.67</b>	<b>276.80</b>
<b>Other comprehensive income attributable to</b>			
a) Owners of the company		(48.58)	(40.82)
b) Non-controlling interest		(14.80)	(6.43)
		<b>(63.38)</b>	<b>(47.25)</b>
<b>Total comprehensive income attributable to</b>			
a) Owners of the company		218.85	220.79
b) Non-controlling interest		(3.56)	8.76
		<b>215.29</b>	<b>229.55</b>
Earnings per equity share			
Basic and Diluted earnings per share	27	29.55	28.91

Summary of significant accounting policies  
 The accompanying notes form an integral part of the consolidated financial statements

As per our report of even date attached  
 For Akshay Rathi & Associates  
 Chartered Accountants  
 ICAI Firm Registration Number: 139703W



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

Place: Nagpur  
 Date: July 31, 2020

For S R B C & CO LLP  
 Chartered Accountants  
 ICAI Firm Registration Number: 324982E/E900003



*Pramod Kumar Bapna*  
 per Pramod Kumar Bapna  
 Partner  
 Membership No.- 105497

Place: Mumbai  
 Date: July 31, 2020

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

*S.N. Nuwal*  
 S.N. Nuwal  
 Chairman &  
 Executive Director  
 DIN: 00738547  
*Khushboo Pasari*  
 Khushboo Pasari  
 Company Secretary  
 Membership No.- F7347

*Manish Nowal*  
 Manish Nowal  
 Managing Director &  
 CEO  
 DIN: 00164388  
*Nilesh Panpaliya*  
 Nilesh Panpaliya  
 Chief Financial Officer

Place: Nagpur  
 Date: July 31, 2020



Solar Industries India Limited  
 Consolidated Statement of Cash flows for the year ended March 31, 2020  
 (All amounts in ₹ Crores, unless otherwise stated)

	Year ended March 31, 2020	Year ended March 31, 2019
<b>Cash flows from operating activities</b>		
Profit before tax	335.80	401.85
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and amortisation expense	84.53	58.89
Net loss/ (gain) on disposal of property, plant and equipment	(0.11)	0.75
Net loss/ (gain) on financial assets mandatorily measured at fair value through profit or loss	0.22	0.40
Profit on sale of financial assets carried at fair value through profit or loss	(0.94)	(2.22)
Dividend and interest income	(3.53)	(4.15)
Finance costs	55.04	49.87
Impairment loss on financial asset	17.45	4.96
Bad debts written off	0.97	7.34
Loans and advances written off	0.20	0.27
Excess provision of Interest on Income Tax written back	(1.08)	-
Fair value changes on derivatives not designated as hedges	-	8.92
Effect of Exchange Rate Change	(22.44)	11.64
Exceptional Item	-	6.05
<b>Operating profit before working capital changes</b>	<b>466.11</b>	<b>544.57</b>
<b>Working capital adjustments :</b>		
(Increase)/ Decrease in trade receivables	33.03	(45.89)
Decrease/ (Increase) in inventories	(48.24)	(50.32)
(Decrease)/ Increase in trade payables	(7.77)	9.55
(Increase)/Decrease in other assets	(20.38)	(25.06)
Increase /(Decrease) in other liabilities	10.01	10.32
<b>Cash generated from operations</b>	<b>432.76</b>	<b>443.17</b>
Less : Income taxes paid	107.95	129.42
<b>Net cash flows from operating activities</b>	<b>324.81</b>	<b>313.75</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment, including capital work	(241.12)	(252.22)
Proceeds from sale of property, plant and equipment	1.44	2.41
Payments for acquisition of subsidiary	(0.79)	-
Loans (given) to/ repaid -current/non-current	(10.58)	71.88
Proceeds from/ (Purchase) of non-current investments	0.01	-
Proceeds from/ (Purchase) of current investments	31.00	(13.77)
(Investment)/Redemption in fixed deposits	3.18	(14.52)
Dividend and interest income received	2.56	3.96
<b>Net cash flows (used in)/ from investing activities</b>	<b>(214.30)</b>	<b>(202.26)</b>
<b>Cash flows from financing activities</b>		
Proceeds from non-current borrowings	262.17	187.36
Repayment of non-current borrowings	(209.53)	(194.50)
Proceeds from/ (Repayment) of current borrowings	44.45	83.17
Lease Liabilities	(4.74)	-
Interest paid	(54.81)	(52.86)
Dividends paid to Non-controlling interest	-	(7.58)
Dividend Paid (including Dividend Distribution Tax)	(76.36)	(65.45)
Proceed from issue of fresh shares to Non-controlling interest	13.65	3.37
Transaction with Non-controlling interest	(6.39)	(5.25)
<b>Net cash flows (used in)/ from financing activities</b>	<b>(31.56)</b>	<b>(51.74)</b>
<b>Exchange difference arising on conversion debited to foreign currency translation reserve</b>	<b>(47.39)</b>	<b>(51.24)</b>
<b>Net Increase / (decrease) in cash and cash equivalents</b>	<b>31.56</b>	<b>8.51</b>
Add:-Cash and cash equivalents at the beginning of the period	61.00	52.49
<b>Cash and cash equivalents at end of the period</b>	<b>92.56</b>	<b>61.00</b>





Solar Industries India Limited  
 Consolidated Statement of Cash flows for the year ended March 31, 2020  
 (All amounts in ₹ Crores, unless otherwise stated)

Change in liabilities arising from financing activities

Particulars	March 31, 2019	Cash flows	Foreign exchange management	March 31, 2020
Current borrowings	312.92	44.45		357.37
Non-current borrowings	151.56	52.64	48.60	252.80
<b>Total liabilities from financing activities</b>	<b>464.48</b>	<b>97.09</b>	<b>48.60</b>	<b>610.17</b>

Particulars	March 31, 2018	Cash flows	Foreign exchange management	March 31, 2019
Current borrowings	229.28	83.17	0.47	312.92
Non-current borrowings	196.10	(7.14)	(37.40)	151.56
<b>Total liabilities from financing activities</b>	<b>425.38</b>	<b>76.03</b>	<b>(36.93)</b>	<b>464.48</b>

As per our report of even date attached  
**For Akshay Rathi & Associates**  
 Chartered Accountants  
 ICAI Firm Registration Number: 139703W

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

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



*Akshay Rathi*  
 per Akshay Rathi  
 Proprietor

Membership No.- 161910

*Pramod Kumar Bapna*

per Pramod Kumar Bapna  
 Partner  
 Membership No.- 105497

*S.N. Nuwal*

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

*Manish Nuwal*  
 Manish Nuwal  
 Managing Director &  
 CEO  
 DIN: 00164388



*Khushboo Pasari*  
 Khushboo Pasari  
 Company Secretary  
 Membership No.- F7347

*Milesh Panpaliya*  
 Milesh Panpaliya  
 Chief Financial Officer

Place: Nagpur  
 Date: July 31, 2020

Place: Mumbai  
 Date: July 31, 2020

Place: Nagpur  
 Date: July 31, 2020



Solar Industries India Limited  
 Consolidated statement of Changes in Equity for the year ended March 31, 2020  
 (All amounts in ₹ Crores, unless otherwise stated)

A. Equity Share Capital

	No of Shares	Amount
At April 1, 2018 (Equity Shares of ₹ 2 each issued, subscribed and fully paid)	9,04,90,055	18.10
At March 31, 2019 (Equity Shares of ₹ 2 each issued, subscribed and fully paid)	9,04,90,055	18.10
At Mar 31, 2020 (Equity Shares of ₹ 2 each issued, subscribed and fully paid)	9,04,90,055	18.10

B. Other Equity

	Reserves and surplus					OCI		Total	Non-controlling interest	Total
	Securities premium (Note 12A)	Retained earnings (Note 12A)	Capital reserve (Note 12A)	General reserve (Note 12A)	Total	Cash flow hedge reserve (Note 12A)	Foreign currency translation reserve (Note 12A)			
Balance as at April 1, 2018	149.13	470.62	16.54	480.10	1,116.09	0.25	(50.88)	1,065.76	47.38	1,113.14
Total profit for the year	-	261.61	-	-	261.61	-	-	261.61	15.19	276.80
Transfer from retained earnings	-	-	-	91.80	91.80	-	-	91.80	-	91.80
Transfer to General reserve	-	(91.80)	-	-	(91.80)	-	-	(91.80)	-	(91.80)
Loss on acquisition of additional stake in Solar Mining Services Pty Limited - South Africa	-	(0.87)	-	-	(0.87)	-	-	(0.87)	-	(0.87)
<b>Other comprehensive Income</b>										
Remeasurement loss on defined benefit plans (net of tax)	-	(0.12)	-	-	(0.12)	-	-	(0.12)	-	(0.12)
Net movement in Cash Flow Hedges (net of tax)	-	-	-	-	-	(0.42)	-	(0.42)	-	(0.42)
Exchange differences on translation of foreign operations (net of tax)	-	-	-	-	-	-	(40.28)	(40.28)	(6.43)	(46.71)
<b>Transactions with owners :</b>										
Dividend paid	-	(54.29)	-	-	(54.29)	-	-	(54.29)	(6.89)	(61.18)
Dividend distribution tax paid	-	(11.16)	-	-	(11.16)	-	-	(11.16)	(0.69)	(11.85)
Non Controlling interest acquired during the year	-	-	-	-	-	-	-	-	(4.38)	(4.38)
Non Controlling interest arising on set-up of new subsidiary and issue of fresh shares by existing subsidiary	-	-	-	-	-	-	-	-	3.37	3.37
Balance as at March 31, 2019	149.13	573.99	16.54	571.90	1,311.56	(0.17)	(91.16)	1,220.23	47.55	1,267.78



*[Handwritten signature]*



Solar Industries India Limited  
 Consolidated statement of Changes in Equity for the year ended March 31, 2020  
 (All amounts in ₹ Crores, unless otherwise stated)

Other Equity (Continued...)

	Reserves and surplus					OCI		Total	Non-controlling interest	Total
	Securities premium (Note 12A)	Retained earnings (Note 12A)	Capital reserve (Note 12A)	General reserve (Note 12A)	Total	Cash flow hedge reserve (Note 12A)	Foreign currency translation reserve (Note 12A)			
Balance as at April 1, 2019	149.13	573.99	16.54	571.90	1,311.56	(0.17)	(91.16)	1,220.23	47.55	1,267.78
Total profit for the year	-	267.43	-	-	267.43	-	-	267.43	11.24	278.67
Effect of adoption of Ind AS 116 Leases (Refer note 2.3)	-	(0.60)	-	-	(0.60)	-	-	(0.60)	-	(0.60)
Transfer from retained earnings	-	-	-	80.15	80.15	-	-	80.15	-	80.15
Transfer to General reserve	-	(80.15)	-	-	(80.15)	-	-	(80.15)	-	(80.15)
<b>Other comprehensive Income</b>										
Remeasurement loss on defined benefit plans (net of tax)	-	(0.08)	-	-	(0.08)	-	-	(0.08)	-	(0.08)
Net movement in Cash Flow Hedges (net of tax)	-	-	-	-	-	(0.24)	-	(0.24)	-	(0.24)
Exchange differences on translation of foreign operations (net of tax)	-	-	-	-	-	-	(48.39)	(48.39)	(14.80)	(63.19)
<b>Transactions with owners</b>										
Dividend paid	-	(63.34)	-	-	(63.34)	-	-	(63.34)	-	(63.34)
Dividend distribution tax paid	-	(13.02)	-	-	(13.02)	-	-	(13.02)	-	(13.02)
Non Controlling interest acquired during the year	-	-	-	-	-	-	-	-	0.28	0.28
Non Controlling interest arising on set-up of new subsidiary and issue of fresh shares by existing subsidiary	-	-	-	-	-	-	-	-	13.91	13.91
Loans to non-controlling interest	-	-	-	-	-	-	-	-	(6.67)	(6.67)
<b>Balance as at March 31, 2020</b>	<b>149.13</b>	<b>684.23</b>	<b>16.54</b>	<b>652.05</b>	<b>1,501.95</b>	<b>(0.41)</b>	<b>(139.55)</b>	<b>1,361.99</b>	<b>51.51</b>	<b>1,413.50</b>

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

As per our report of even date attached

For Akshay Rathil & Associates  
 Chartered Accountants

ICAI Firm Registration Number: 139703W

  
 per Akshay Rathil  
 Proprietor  
 Membership No.- 161910



For S R B C & CO LLP  
 Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

  
 per Pramod Kumar Bapna  
 Partner  
 Membership No.- 105497



Place: Mumbai  
 Date: July 31, 2020


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

  
 Manish Nuwal  
 Managing Director &  
 CEO  
 DIN: 00164388

  
 Nilesh Panpaliya  
 Chief Financial Officer

Place: Nagpur  
 Date: July 31, 2020

  
 S.N. Nuwal  
 Chairman &  
 Executive Director  
 DIN: 0013547

  
 Khushboo Pasari  
 Company Secretary  
 Membership No. - F7347



Place: Nagpur  
 Date: July 31, 2020



**Note 1: Corporate Information**

Solar Industries India Limited (the 'Holding Company') is a Group domiciled in India, with its registered office at "Solar" House 14, Kachimet, Amravati Road, Nagpur - 440023 (Maharashtra). The Holding 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 Holding Company and its subsidiaries (referred to collectively as the 'Group') and the Group's interest in jointly controlled entity and 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 (including derivative instruments) and defined benefit plans which have been measured at fair value. The accounting policies are consistently applied by the Group to all the period as mentioned in the financial statements.

These Consolidated Financial Statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 ("the Act") read with the Companies (Indian Accounting Standards) Rules, 2015, (as amended).

**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 treated as current when it is:

- Expected to be settled in normal operating cycle
- Held primarily for the purpose of trading
- 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 Group has identified twelve months as its operating cycle.



### **Basis of consolidation**

The Consolidated Financial Statements comprise the financial statements of the Holding Company and its subsidiaries as at March 31, 2020. 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.

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 Group, 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 interests, even if this results in the non-controlling interests 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 DCI 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

Details of group companies included in Consolidated Financial Statements are as under:

	Name	Country	% Equity Interest	
			March 31, 2020	March 31, 2019
<b>A</b>	<b>Subsidiaries</b>			
<b>1</b>	<b>Indian subsidiaries</b>			
a	Economic Explosives Limited	India	100.00%	100.00%
b	Blastec (India) Private Limited	India	100.00%	100.00%
c	Emul Tek Private Limited	India	100.00%	100.00%
d	Solar Defence Limited (Note i)	India	100.00%	100.00%
e	Solar Defence Systems Limited (Note - i)	India	100.00%	100.00%
<b>2</b>	<b>Overseas subsidiary</b>			
a	Solar Overseas Mauritius Limited	Mauritius	100.00%	100.00%
<b>3</b>	<b>Overseas step-down subsidiaries</b>			
a	Solar Mining Services Pty Limited, South Africa	South Africa	86.74%	86.74%
b	Nigachem Nigeria Limited	Nigeria	55.00%	55.00%
c	Solar Overseas Netherlands B.V.	Netherlands	100.00%	100.00%
d	Solar Explochem Zambia Limited	Zambia	65.00%	65.00%





e	Solar Patlayici Maddeler Sanayi Ve Ticaret Anonim Sirketi	Turkey	100.00%	100.00%
f	P.T. Solar Mining Services (Note - i)	Indonesia	100.00%	100.00%
g	Solar Explochem (Ghana) Limited (Note - iii)	Ghana	0.00%	0.00%
h	PATSAN Patlayici Maddeler Sanayi Ve Ticaret Anonim Sirketi (Note - ii)	Turkey	53.00%	53.00%
i	Solar Nitro Ghana Limited	Ghana	90.00%	90.00%
j	Solar Madencilik Hizmetleri A.S	Turkey	100.00%	100.00%
k	Solar Overseas Netherlands Cooperative U.A	Netherlands	99.99%	99.99%
l	Solar Overseas Singapore Pte Ltd	Singapore	100.00%	100.00%
m	Solar Industries Africa Limited	Mauritius	100.00%	100.00%
n	Solar Nitro Zimbabwe (Private) Limited (Note - i)	Zimbabwe	100.00%	100.00%
o	Solar Nitro chemicals Limited (Note - i)	Tanzania	65.00%	65.00%
p	Solar Mining Services Pty Ltd, Australia*	Australia	76.00%	76.00%
q	Solar Mining Services Cote d'Ivoire Limited SARL (Note- i and iv)	Ivory Coast	100.00%	0.00%
r	Laghe Venture Company Limited^	Tanzania	55.00%	0.00%
<b>B</b>	<b><u>Associates</u></b>			
a	SMS Bhatgaon Mines Extension Private Limited (Note v)	India	49.00%	49.00%
b	Solar Bhatgaon Extension Mines Private Limited (Note v)	India	49.00%	49.00%
<b>C</b>	<b><u>Entities with joint control or significant influence over the entity</u></b>			
a	ASTRA Resources Pty Limited	South Africa	49.00%	49.00%

- Note i: The entity has not commenced its business operations
- Note ii: The entity is under liquidation.
- Note iii: The entity liquidated on January 16, 2020
- Note iv: The entity is incorporated on November 04, 2019
- Note v: The entity is under process of striking off
- ^Overseas stepdown subsidiary of the Company w.e.f. September 05, 2019
- \* Formerly known as Australian Explosives Technologies Group Pty Limited

## 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 judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities at the end of the 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

Capital work in progress is stated at cost, net of accumulated impairment loss, if any. 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 for their intended 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 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 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.

Intangible assets with finite lives are amortized 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 Group 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 5 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.

#### 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 (in years)	Useful life as prescribed under Schedule II to the Companies Act 2013 (in years)
<b>Property, Plant and Equipment</b>		
<b>Buildings:</b>		
Factory buildings	10 to 30	30
Other buildings	10 to 60	60
Roads (RCC and WBM)	15 to 30	5 to 10
<b>Plant and Machinery:</b>		
Factory Plant and Machinery	5 to 25	15 to 20
Wind Mill	22	22
Electrical installation and Lab equipment	10	10
Bulk Deliver System (BDS)	12	8
Furniture and Fixtures	5 to 10	10
Vehicles (including Pump Trucks)	4 to 12	8 to 10
Office equipment and Computers	3 to 6	3 to 6

Assets	Group's estimate of useful life (in years)
<b>Intangible Assets</b>	
Software and Licenses	6
Other (Transfer of Technology, Technical know-how)	5 to 10
Product Development	5

The Group, based on technical assessment made by technical expert and management estimate, depreciates certain items of property, 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. Depreciation methods, useful lives and residual values are





reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

**e. Impairment of Property, Plant and Equipment, Intangible assets, Goodwill and Right-of-use 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. The 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.

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 and loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.



Goodwill is tested for impairment annually as at 31 March and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

**f. Borrowing costs**

Borrowing costs that are directly attributable to acquisition, construction or production 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. All 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 Taxes* 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 subsequent 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 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**

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**Group as a Lessee:**

The Group applies a single recognition and measurement approach for all leases, except for short-term leases. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

**i. Right-of-use assets:**

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

• Office Building	2 to 10 years
• Leasehold Land	30 to 99 years
• Warehouse	1 to 5 years
• Vehicle	2 to 4 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (e) Impairment of Property, Plant and Equipment, Intangible assets and Right-of-use Assets.

The Group lease arrangements do not contain an obligation to dismantle and remove the underlying asset, restore the site on which it is located or restore the underlying asset to a specified condition.

**ii. Lease Liabilities:**

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a



change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments).

**iii. Short-term leases and leases of low-value assets**

The Group applies the short-term lease recognition exemption to its short-term leases of vehicles, and office buildings (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

**i) Financial instruments:**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**1. Financial assets**

**Classification**

Financial assets are classified, at initial recognition in the following categories

- as subsequently measured at fair value (either through other comprehensive income, or through the Statement of Profit and Loss), and
- 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.

**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:

**A.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.

**A.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, jointly controlled entity 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 or part of a group of similar financial assets) 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.

**2. 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. 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.

### 3. 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.

### 4. 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. This amount is reflected under the head 'Other expenses' / 'Other income' in the statement of profit and loss.

**j. Revenue Recognition**

**Revenue from Contract with Customer**

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 36.

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

**a. Sale of products:**

Revenue from sale of products is recognised at the point in time when control of the goods is transferred to the customer, generally on shipment or delivery. The normal credit term is 30-120 days from shipment or delivery as the case may be.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods or rendering of services, the Group considers the effects of variable consideration and provisional pricing, considering contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

**1. Variable consideration**

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. The volume rebates give rise to variable consideration.





- **Volume rebates and discounts**

The products are often sold with volume discounts based on aggregate sales over a specific time period, normally 3–12 months. Revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts using either the expected value method or an assessment of the most likely amount. Revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. A contract liability is recognized for expected volume discounts payable to customers in relation to sales made until the end of the reporting period. The estimated volume discount is revised at each reporting date.

- **Powder Factor**

The Group estimates provision for powder factor on revenue from sale of products to certain customers which is generally the percentage of blast output achieved at the time of blasting of the products at the customer's site. Powder factor is based on the agreement with customer, volume of output achieved at the site, which is measured at a later date. Accordingly, the provision is made based on the likely powder factor to be achieved on current sales of products, which is reduced from the revenue for the period.

## 2. Significant financing component

In many cases, the Group receives short-term advances from its customers. Using the practical expedient in Ind AS 115, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that goods or services will be one year or less.

Hence, there is no financing component which needs to be separated.

### b. Sale of projects:

Revenue from sale of project is recognised at the point in time when control of the project is transferred to the customer, generally on completion of installation. Revenue from sale of projects is measured at the fair value of the consideration received or receivable. The normal credit term is 90 days after installation is completed.

### c. Interest Income:

Interest income is recognized on a time proportion basis considering the carrying amount and the effective interest rate. Interest income is included under the head 'Other income' in the statement of profit and loss.

### d. Dividend:

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.





**Contract balances**

**Contract assets**

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

**Trade receivables**

A receivable represents the Group's right to an amount of consideration that is unconditional. Refer to accounting policies of financial assets in note no. 2.2 i (1) Financial instruments – initial recognition and subsequent measurement.

**Contract liabilities**

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

**k. Government grants**

Government grants are recognized 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 State Government GST/Sales Tax subsidy/Reimbursement of Provident Fund has been considered as revenue grant and the same has been recognized in the statement of profit and loss under the head 'Other operating revenues'.

**l. Foreign currencies transactions and translations**

The Group's consolidated financial statements are presented in INR, which is also the parent Group'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.

**i) Functional and presentation currency**

The financial statements are presented in Indian rupee (INR), which is Group'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 except for exchange differences on foreign currency borrowings relating to assets under construction for productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

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 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 Group 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 Group 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.

**(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 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 Group 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. Tax Expense**

Tax expense comprises of current tax 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 the 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.

**Sales/ value added taxes / GST paid on acquisition of assets or on incurring expenses**

Expenses and assets are recognized net of the amount of sales / value added taxes / GST paid, except:

- a) When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- b) When receivables and payables are stated with the amount of tax included



The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet

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.

Provision for uncertain income tax positions/treatments are recognised when it is considered probable that there will be a future outflow of funds to a taxing authority. This requires the application of judgement as to the ultimate outcome. Judgements mainly relates to treatment of incentives (e.g. sales tax incentive), expenditure deductible / disallowances for tax purposes.

**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 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 Group 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.

**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.

**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 or a reliable estimate of the amount cannot be made.

**t. Cash and cash equivalents**

Cash and cash equivalents 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**

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.

**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 sale 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. Exceptional Items**

When items of income and expense within profit or loss from ordinary activities are of such size, nature or incidence that their disclosure is relevant to explain the performance of the Group for the period, the nature and amount of such items is disclosed separately under the head exceptional item.

**x. 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 Grouping 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 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.

#### **Recoverability of Trade Receivables**

Judgements are required in assessing the recoverability of overdue trade receivables and determining whether a provision against those receivables is required. Factors considered include the credit rating of the counterparty, the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non-payment.

#### **Impairment of financial assets**

The impairment provisions for financial assets depending on their classification are based on assumptions about risk of default, expected cash loss rates, discounting rates applied to these forecasted future cash flows, recent transactions. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

#### **Powder factor deductions**

The Group estimate provision for powder factor on sales made to certain customers which is generally the percentage of blast output achieved at the time of blasting of the products at the customer 'site. Powder factor is based on the agreement with customer, volume of output achieved at the site, which is measured at a later date. Accordingly, the provision is made based on the likely powder factor to be achieved on current sales which is reduced from the sales of the period.

A significant estimate is involved to establish the percentage of blast output achieved, the settlement of which happens in future as per the terms of contract and mutual agreement.

#### **Receivables under Package Scheme of Incentives 2007 (PSI)**

The Group is eligible to claim benefits under Package Scheme of Incentives 2007, for the sales tax paid by eligible industrial unit as per States Goods and Service Tax Act, 2017 (SGST) and reimbursement of 75% of the provident fund paid by the Group. The eligibility of the benefits are subject to the Group confirming the terms and conditions mentioned in the eligibility certificate. The Company uses judgement to establish the recoverability and the timings of the receipts.





## Lease

### **Determining the lease term of contracts with renewal and termination options – Group as lessee**

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

### **Leases - Estimating the incremental borrowing rate**

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available such as for subsidiaries that do not enter into financing transactions or when they need to be adjusted to reflect the terms and conditions of the lease for example, when leases are not in the subsidiary's functional currency. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

### **Estimation Uncertainty due to Global Health Pandemic on COVID-19**

Refer Note 38 of the Consolidated Financial Statements.

## **2.3 Changes in accounting policies and disclosures**

### **New and amended standards**

The Group applied Ind AS 116 Leases for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below.

Several other amendments apply for the first time for the year ending March 31, 2020, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, amendments that have been issued but are not yet effective/notified.

### **Ind AS 116 Leases**

Ind AS 116 supersedes Ind AS 17 Leases including its appendices (Appendix A of Ind AS 17 Operating Leases-Incentives, Appendix B of Ind AS 17 Evaluating the Substance of Transactions Involving the Legal Form of a Lease and Appendix C of Ind AS 17 Determining whether an Arrangement contains a Lease). The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting under Ind AS 116 is substantially unchanged from Ind AS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in Ind AS 17. Therefore, Ind AS 116 does not have an impact for leases where the Company is the lessor.



The Group adopted Ind AS 116 using the modified retrospective method of adoption, with the date of initial application on April 1, 2019. The comparative figures are not restated and the cumulative effect of initially applying the standard is recognised as an adjustment to the opening balance of retained earnings at the date of initial application. The Group has elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets).

The effect of adoption of Ind AS 116 as at April 1, 2019 has resulted in recognising a right-of-use assets of Rs. 12.85 crore, a corresponding lease liability of Rs. 9.68 crore (net of prepayment of Rs. 0.91 crore) and a decrease in other equity by Rs. 0.60 crore.

Upon adoption of Ind AS 116, the Group applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. Refer to Note 2.2 (h) Leases for the accounting policy beginning April 1, 2019. The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

#### Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment

The appendix addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of Ind AS 12 Income Taxes. It does not apply to taxes or levies outside the scope of Ind AS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Appendix specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

The Group determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Group applies significant judgement in identifying uncertainties over income tax treatments. Since the Group operates in a complex multinational environment, it assessed whether the Appendix had an impact on its financial statements.

Upon adoption of the Appendix C to Ind AS 12, the Group considered whether it has any uncertain tax positions, particularly those relating to transfer pricing. The Group (and the subsidiaries') tax filings in different jurisdictions include deductions related to transfer pricing and the taxation authorities may challenge those tax treatments. The Group determined, based on its tax compliance that it is probable that its tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities. The Appendix did not have an impact on the financial statements of the Group.





Solar Industries India Limited

Notes to Consolidated financial statements for the year ended March 31, 2020

(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
<b>Year ended March 31, 2019</b>								
Gross carrying amount as at April 1, 2018 <sup>1</sup>	105.95	0.10	448.49	10.17	890.08	42.62	7.69	1,005.08
Exchange differences	(0.30)	-	(14.31)	(0.59)	(5.00)	(1.48)	-	(21.68)
Additions	25.72	0.06	61.70	6.70	87.85	25.68	6.41	194.12
Disposals*	(0.21)	-	(0.21)	(0.00)	(7.36)	(0.81)	(0.14)	(8.73)
Asset held for sale (refer note 3D)	(0.06)	-	-	-	-	-	-	(0.06)
<b>Closing gross carrying amount as at March 31, 2019</b>	<b>131.10</b>	<b>0.16</b>	<b>495.67</b>	<b>16.28</b>	<b>445.55</b>	<b>66.01</b>	<b>13.96</b>	<b>1,168.73</b>
<b>Accumulated depreciation</b>								
Opening accumulated depreciation as at April 1, 2018 <sup>1</sup>	-	-	32.53	3.31	64.10	9.04	3.21	112.19
Depreciation charge for the year	-	-	17.48	1.30	28.63	5.38	1.85	55.64
Disposals*	-	-	(0.09)	(0.00)	(4.58)	(0.76)	(0.14)	(5.57)
Exchange differences	-	-	0.27	(0.22)	0.96	0.83	0.18	2.02
<b>Closing accumulated depreciation as at March 31, 2019</b>	<b>-</b>	<b>-</b>	<b>50.19</b>	<b>4.39</b>	<b>89.11</b>	<b>14.49</b>	<b>5.10</b>	<b>164.28</b>
<b>Net carrying amount as at March 31, 2019</b>	<b>131.10</b>	<b>0.16</b>	<b>445.48</b>	<b>11.89</b>	<b>356.44</b>	<b>51.52</b>	<b>8.86</b>	<b>1,004.45</b>
<b>Year ended March 31, 2020</b>								
Gross carrying amount as at April 1, 2019								
Opening gross carrying amount	131.10	0.16	495.67	16.28	445.55	66.01	13.96	1,168.73
Exchange differences	(0.23)	-	(14.15)	(0.29)	(4.29)	(6.04)	(0.19)	(25.19)
Additions	19.59	-	114.11	3.61	88.88	10.88	1.19	240.06
Acquisition of subsidiary	0.15	-	0.38	0.01	0.15	-	-	0.69
Other adjustments	-	(0.16)	-	-	-	-	-	(0.16)
Disposals	-	-	(0.21)	(0.03)	(0.48)	(0.09)	(0.35)	(1.16)
<b>Closing gross carrying amount as at March 31, 2020</b>	<b>150.61</b>	<b>-</b>	<b>595.80</b>	<b>19.58</b>	<b>529.61</b>	<b>70.76</b>	<b>18.61</b>	<b>1,382.97</b>
<b>Accumulated depreciation</b>								
Opening accumulated depreciation as at April 1, 2019	-	-	50.19	4.39	90.11	14.49	5.10	164.28
Depreciation charge for the year	-	-	24.14	1.99	34.93	11.15	2.64	74.85
Transfer	-	-	-	-	2.66	0.13	0.08	2.87
Disposals*	-	-	(0.18)	(0.00)	(0.03)	(0.14)	(0.02)	(0.37)
Exchange differences*	0.00	-	(1.07)	(0.10)	(2.46)	(2.13)	(0.31)	(6.07)
<b>Closing accumulated depreciation as at March 31, 2020</b>	<b>0.00</b>	<b>-</b>	<b>73.08</b>	<b>6.28</b>	<b>125.21</b>	<b>23.50</b>	<b>7.49</b>	<b>295.56</b>
<b>Net carrying amount as at March 31, 2020</b>	<b>150.61</b>	<b>-</b>	<b>522.72</b>	<b>13.30</b>	<b>404.40</b>	<b>47.26</b>	<b>11.12</b>	<b>1,147.41</b>
Capital Work-in-Progress as at March 31, 2020								152.23
Capital Work-in-Progress as at March 31, 2019								165.56

<sup>1</sup> Gross carrying amount and accumulated depreciation have been regrouped and netted in line with deemed cost exemption opted out by the Group as per Ind AS, with effect from April 1, 2015 i.e. date of transition to Ind AS for the Group.

The above property, plant and equipments 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.

The amount of borrowing costs capitalised during the year ended March 31, 2020 was ₹ 2.06 (March 31, 2019: ₹ 5.92). The rate used to determine the amount of borrowing costs eligible for capitalisation is in the range of 6.59% to 8.50% which is the effective interest rate of the borrowing made specifically to acquire/ constructing the qualifying assets.

\* Amount is less than ₹ 0.01 as at March 31, 2020 and at March 31, 2019





**Note 3B: Goodwill**  
**Impairment test for goodwill**

Goodwill acquired through business combination has been considered for impairment testing.  
 Carrying amount of goodwill is:

	As at March 31, 2020	As at March 31, 2019
Balance at the beginning of the year	8.63	8.14
Foreign currency exchange gain/(loss)	0.77	0.49
Arising on acquisition of Laghe Venture Company Limited	0.47	-
<b>Balance at the end of the year</b>	<b>9.87</b>	<b>8.63</b>

The recoverable value of Solar Patlayici Maddeler Sanayi Ve Ticaret Anonim Sirketi ('SPMS') ₹ 4.53, Solar Mining Services Pty Ltd - Australia ('SMS-Aus') ₹ 3.39 and Laghe Venture Company Limited ('LVC') ₹ 0.47 CGUs as at March 31, 2020, for impairment assessment has been calculated based on value-in-use calculation using cash flow projections from financial budgets approved by senior management covering a four-year period. Long-term growth rate for cash flows beyond four years have been considered in the range of 1% - 2%. As a result of this analysis, management has concluded the recoverable value of CGUs exceed the carrying value of CGU (including goodwill).

**Key assumptions used for value in use calculation and their sensitivity to changes**

1. Sales growth rate
2. Discount rates

**Sales growth rate:** Sales growth rate has been considered at an average annual growth rate over the four-year forecast period; based on past performance and management's expectation of market development. In case of SMS-Australia, sales growth rate is based on the Managements assumptions of the current orders in hand, prospective customer base, market assessment of mining activity.

**Discount rates -** Discount rates represent the current market assessment of the risks specific to SPMS, LVC and SMS-Aus, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in cash flow estimates. The discount rate calculation is based on specific circumstances of the Group, SPMS, LVC and SMS-Aus and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest bearing borrowings the Group is obliged to service. Adjustments to discount rates are made to factor to specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate. The Goodwill impairment calculations are not sensitive to discount rates.

The Management has considered and assessed reasonably possible changes for other key assumptions and have not identified any instances that could cause the carrying amount of SPMS, LVC and SMS-Aus CGUs to exceed its recoverable amount.

The remaining amount of goodwill of ₹ 0.71 ( March 31, 2019 ₹ 0.71 ) (relating to different CGUs individually immaterial) have been evaluated based on the cash flow forecasts of the related CGUs and the recoverable amounts of the CGUs exceeded their carrying amounts.



## Note 3C : Other Intangible Asset and Intangible assets under development

	Software & License	Product Development Cost	Others <sup>2</sup>	Total
<b>Year ended March 31, 2019</b>				
<b>Gross carrying amount</b>				
Opening gross carrying amount as at April 1, 2018 <sup>1</sup>	0.66	-	23.06	23.72
Addition	1.98	7.81	2.40	12.19
<b>Gross carrying amount as at March 31, 2019</b>	<b>2.64</b>	<b>7.81</b>	<b>25.46</b>	<b>35.91</b>
<b>Accumulated amortisation</b>				
Opening accumulated amortisation as at April 1, 2018	0.46	-	1.79	2.24
Amortisation for the year	0.31	1.26	2.58	4.15
<b>Accumulated amortization as at March 31, 2019</b>	<b>0.77</b>	<b>1.26</b>	<b>4.37</b>	<b>6.40</b>
<b>Net carrying amount as at March 31, 2019</b>	<b>1.87</b>	<b>6.55</b>	<b>21.09</b>	<b>29.51</b>
<b>Year ended March 31, 2020</b>				
<b>Gross carrying amount</b>				
Opening gross carrying amount as at April 1, 2019	2.64	7.81	25.46	35.91
Addition	0.68	3.83	5.74	10.25
<b>Gross carrying amount as at March 31, 2020</b>	<b>3.32</b>	<b>11.64</b>	<b>31.20</b>	<b>46.16</b>
<b>Accumulated amortisation</b>				
Opening accumulated amortisation as at April 1, 2019	0.77	1.26	4.37	6.40
Amortisation for the year	0.42	2.01	2.96	5.39
<b>Accumulated amortization as at March 31, 2020</b>	<b>1.19</b>	<b>3.27</b>	<b>7.33</b>	<b>11.79</b>
<b>Net carrying amount as at March 31, 2020</b>	<b>2.13</b>	<b>8.37</b>	<b>23.87</b>	<b>34.37</b>
<b>Intangible assets under development as at March 31, 2020</b>				<b>12.74</b>
<b>Intangible assets under development as at March 31, 2019</b>				<b>12.00</b>

<sup>1</sup> Gross carrying amount and accumulated amortisation have been regrouped and netted in line with deemed cost exemption opted out by the Group as per Ind AS, with effect from April 1, 2015 i.e. date of transition to Ind AS for the Group.

<sup>2</sup> Others represents: Cast Booster Technical know-how for limited period of 5 Years and Transfer of Technology (TOT) by the Defence Research and Development Organisation (DRDO) to the Company for manufacturing of products for Indian Armed Forces for limited period of 10 years.



Solar Industries India Limited  
Notes to Consolidated financial statements for the year ended March 31, 2020  
(All amounts in ₹ Crores, unless otherwise stated)

Note 3D: Assets classified as held for sale

	March 31, 2020	March 31, 2019
Freehold Land	-	0.06
Leasehold Land	-	0.47
<b>Total</b>	<b>-</b>	<b>0.53</b>

During the year, the Group has disposed off the freehold and leasehold land which was previously held for setting up a manufacturing plant.





**Solar Industries India Limited**

**Notes to Consolidated financial statements for the year ended March 31, 2020**

**(All amounts in ₹ Crores, unless otherwise stated)**

**Note 3E Leases**

**Group as Lessee**

The Group has lease contracts for Office buildings, Leasehold land, Warehouse and Vehicles. Leases of office building generally have lease terms between 2 and 10 years, leasehold land generally have lease terms between 30 and 99 years, warehouse generally have lease terms between 1 and 5 years, vehicles generally have lease terms between 2 and 4 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets.

The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for leases.

**A. Right-of-use assets**

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

Particulars	Office Buildings	Leasehold land	Warehouse	Vehicle	Total
As at April 1, 2019	1.50	5.69	4.17	1.49	12.85
Additions	2.47	6.49	-	0.49	9.45
Foreign exchange adjustments	(0.30)	(0.06)	(0.20)	0.01	(0.55)
Depreciation	(1.30)	(0.24)	(2.20)	(1.11)	(4.85)
As at March 31, 2020	2.37	11.88	1.77	0.88	16.90

**B. Lease Liabilities-Other financial liabilities**

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

	March 31, 2020
As at April 1, 2019	9.68
Additions	8.72
Accretion of Interest	1.56
Foreign exchange adjustments	(1.58)
Payments	(5.68)
As at March 31, 2020	12.70
Current	4.02
Non-current	8.68

The maturity analysis of lease liabilities are disclosed in Note 33

The effective interest rate for lease liabilities is 6.24 % to 24 %, with maturity between 2019-2099

The following are the amounts recognised in profit or loss:

	March 31, 2020
Depreciation expense of right-of-use assets	4.85
Interest expense on lease liabilities	1.56
Expense relating to short-term leases (included in other expenses)	7.31
<b>Total amount recognised in profit or loss</b>	<b>13.72</b>

The Group had total cash outflows for leases of ₹ 13.24 in March 31, 2020 (₹ 8.95 in March 31, 2019).



Note 4 : Investments

Non-current investments

	Face value	Number of Shares/Units		Amount	
		March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
<b>Unquoted</b>					
<b>Investment carried at Cost</b>					
<b>Investment in Equity Instruments of Associates :</b>					
SMS Bhatgaon Mines Extension Pvt Ltd	₹ 10	4,90,000	4,90,000	0.49	0.49
Solar Bhatgaon Extension Mines Pvt Ltd	₹ 10	4,90,000	4,90,000	0.49	0.49
Provision for impairment				(0.98)	(0.98)
<b>Investment carried at Fair Value through Profit and Loss</b>					
<b>Investment in Equity Instruments of Others</b>					
Ganga Care Hospital Limited	₹ 10	1,10,000	1,10,000	0.11	0.11
Bravo Business Agency SARL	USD 100	20	-	0.01	-
				<b>0.12</b>	<b>0.11</b>
<b>Investment in Venture Capital Fund (Unquoted)</b>					
Kotak India Growth Fund II	₹ 1,00,000	500	500	2.14	2.36
<b>Quoted</b>					
<b>Investment in Mutual Fund (Quoted)</b>					
ICICI Prudential Liquid Direct Plan	₹ 10	2,484.71	3,195	0.07	0.09
				<b>2.21</b>	<b>2.45</b>
<b>Aggregate amount of Investments</b>				<b>2.33</b>	<b>2.56</b>
<b>Aggregate amount of impairment in value of investments</b>				<b>(0.98)</b>	<b>(0.98)</b>

Current investments

	Face value	Number of Shares/Units		Amount	
		March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
<b>Quoted</b>					
<b>Investment at fair value through profit &amp; loss</b>					
<b>Investment in equity instruments (fully paid-up) :</b>					
IDFC Limited	₹ 10	10,900	10,900	0.02	0.05
Edserv Soft Systems Ltd.	₹ 10	3,500	3,500	-	-
Shree Ashtavinayak Cine Vision Ltd.	₹ 1	5,000	5,000	-	-
<b>Quoted</b>					
<b>Investment in Mutual Funds (fully paid-up) :</b>					
Kotak Liquid Direct Plan Growth	₹ 10	-	79,339.89	-	30.03
<b>Aggregate amount of quoted investments and market value thereof</b>				<b>0.02</b>	<b>30.08</b>



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**Note 5 : Loans**

	March 31, 2020		March 31, 2019	
	Current	Non-current	Current	Non-current
<b>Unsecured, considered good</b>				
Loans to				
-Related parties (refer note 30C)	-	15.77	-	8.07
-Employees	1.98	-	1.72	-
-Others	2.88	-	2.63	-
Security Deposits and Earnest Money Deposits	0.81	5.35	0.40	3.59
<b>Total loans</b>	<b>5.67</b>	<b>21.12</b>	<b>4.75</b>	<b>11.66</b>

**Notes:**

- Loans are non derivative financial assets which generate a fixed or variable interest income for the group. The carrying value may be affected by changes in the credit risk of the counterparties.
- 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.

**Note 6 : Other financial assets**

	March 31, 2020		March 31, 2019	
	Current	Non-current	Current	Non-current
<b>Derivative Instruments at fair value through profit or loss</b>				
Fair valuation of derivative contracts (refer note 32)	2.05	-	0.91	-
	<b>2.05</b>	<b>-</b>	<b>0.91</b>	<b>-</b>
<b>Derivative Instruments at fair value through OCI</b>				
Interest rate swaps (refer note 32)	-	-	0.05	-
	<b>-</b>	<b>-</b>	<b>0.05</b>	<b>-</b>
<b>Others</b>				
State Government Incentive Receivables	84.04	21.56	94.71	11.21
Claims receivable	-	-	-	0.59
Other deposits	-	0.27	-	-
Interest accrued from Others	0.13	-	-	-
Interest accrued from related party (refer note 30C)	-	1.64	-	0.48
Interest accrued but not due on fixed deposit	0.37	-	0.69	-
	<b>84.54</b>	<b>23.47</b>	<b>95.40</b>	<b>12.28</b>
	<b>86.59</b>	<b>23.47</b>	<b>96.36</b>	<b>12.28</b>

**Note:**

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.





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**Note 7 : Trade receivables**

	March 31, 2020	March 31, 2019
Trade receivables	408.89	421.61
Less: Impairment allowance	(38.57)	(22.57)
	<b>370.32</b>	<b>399.04</b>

**Break-up of security details**

	March 31, 2020	March 31, 2019
Secured, considered good	17.66	11.31
Unsecured considered good	382.80	398.81
Trade Receivables - credit impaired	8.43	11.49
	<b>408.89</b>	<b>421.61</b>
Impairment allowance		
Unsecured, considered good	(30.14)	(11.08)
Trade Receivables - credit impaired	(8.43)	(11.49)
	<b>(38.57)</b>	<b>(22.57)</b>
	<b>370.32</b>	<b>399.04</b>

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 120 days.

**Note 8. Cash and Bank balances**

	March 31, 2020	March 31, 2019
<b>Cash and cash equivalents</b>		
Balances with banks		
in current accounts	29.70	47.38
Deposit with Bank	0.04	12.25
Cheque on hand	0.45	0.41
Funds in transit#	61.69	-
Cash in hand	0.68	0.96
	<b>92.56</b>	<b>61.00</b>
<b>Bank balances other than cash and cash equivalents</b>		
Balances with Banks with original maturity of more than three months but less than 12 months	7.99	12.51
Balances with Bank held as margin money against bank guarantee & other commitments	19.53	18.19
Earmarked balances with banks*	0.06	0.06
	<b>27.58</b>	<b>30.76</b>
<b>Total cash and bank balances</b>	<b>120.14</b>	<b>91.76</b>

\*The Holding company can utilise this balance only towards settlement of unclaimed dividend.

# Amount remitted by subsidiary company credited in the bank account subsequently



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Note 9A: Deferred tax Assets

The balance comprises temporary differences attributable to:

	March 31, 2020	March 31, 2019
Allowance for doubtful debts - trade receivables	1.92	1.82
MAT credit	0.46	0.46
Property, plant and equipments	0.32	0.43
Tax Losses	42.17	19.98
Lease liabilities	1.84	-
Other	4.82	6.42
	<b>51.53</b>	<b>29.11</b>

Reconciliation of deferred tax assets:

	March 31, 2020	March 31, 2019
Opening balance	29.11	7.14
Tax income/(expense) during the period recognised in profit or loss	22.42	21.99
Tax income/(expense) during the period recognised in other comprehensive income*	0.00	(0.02)
Closing balance	<b>51.53</b>	<b>29.11</b>

\* Amount is less than ₹ 0.01 as at March 31, 2020

Note 10: Inventories

	March 31, 2020	March 31, 2019
Raw materials and packing materials (includes stock in transit of ₹. 20.40 (March 31, 2019 : ₹ 14.84))	153.21	168.73
Work-in-progress	27.24	21.09
Finished goods (Includes stock in transit of ₹ 4.35 (March 31, 2019 : ₹ 11.29))	50.29	41.56
Stock-in-trade (Includes stock in transit of ₹ 14.23 (March 31, 2019 : ₹ 1.61))	70.94	34.65
Stores and spares (Includes stock in transit of ₹ 0.51 (March 31, 2019 : ₹ 0.04))	18.07	15.69
Project inventory-in-progress	1.23	1.02
	<b>330.98</b>	<b>282.74</b>



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**Note 11: Other assets**

	March 31, 2020		March 31, 2019	
	Current	Non-Current	Current	Non-Current
Capital advances	-	37.95	-	32.43
Prepayments	7.35	-	4.98	-
Prepaid of leasehold property	-	-	0.04	0.87
Advances to suppliers for goods & services	17.24	-	14.86	-
Advances to staff	0.52	-	0.41	-
Balances with revenue authorities	42.52	8.87	35.25	0.42
Other receivables	2.15	-	1.70	-
	<b>69.78</b>	<b>46.82</b>	<b>57.24</b>	<b>33.72</b>





**Note 12: Equity share capital**

	Number of Shares		Amount	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Authorised equity share capital (face value ₹ 2 each)	13,50,00,000	13,50,00,000	27.00	27.00
	<b>13,50,00,000</b>	<b>13,50,00,000</b>	<b>27.00</b>	<b>27.00</b>
Issued, Subscribed and fully paid equity share capital (face value ₹ 2 each)	9,04,90,055	9,04,90,055	18.10	18.10
	<b>9,04,90,055</b>	<b>9,04,90,055</b>	<b>18.10</b>	<b>18.10</b>

**(a) Movements in equity share capital**

	Number of Shares	Amount
As at March 31, 2018	9,04,90,055	18.10
As at March 31, 2019	9,04,90,055	18.10
As at March 31, 2020	<b>9,04,90,055</b>	<b>18.10</b>

**(b) Terms/ rights attached to equity shares**

The Company has only one class of equity shares having a par value of Rs.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.

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		No of shares	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Shri Manish Nuwal	27.88%	27.88%	2,52,32,069	2,52,32,069
Shri Kailashchandra Nuwal	23.08%	23.08%	2,08,82,963	2,08,82,963
Shri Satyanarayan Nuwal	14.63%	14.63%	1,32,38,254	1,32,38,254
Smt. Indira Devi Nuwal	6.15%	6.15%	55,68,230	55,68,230
SBI Equity Hybrid Fund	5.94%	4.67%	53,75,788	42,22,788
HDFC Trustee Company	3.53%	7.01%	31,95,849	63,40,139

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.



**Solar Industries India Limited**  
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**Note 12A. Other equity**

**Securities premium**

As at April 1, 2018	149.13
Movement for the year 2018-19	-
As at March 31, 2019	149.13
Movement for the year 2019-20	-
As at March 31, 2020	149.13

**Retained earnings**

As at April 1, 2018	470.62
Add : Profit for the year	261.61
Less : Transfer to general reserve	(91.80)
Less : Remeasurement loss on defined benefit plans	(0.12)
Less : Loss on acquisition of additional stake in Solar Mining Services Pty Limited - South Africa	(0.87)
Less : Final Dividend	(54.29)
Less : Tax on Final Dividend	(11.16)
As at March 31, 2019	573.99
Add : Profit for the year	267.43
Less : Transfer to general Reserve	(80.15)
Less : Remeasurement loss on defined benefit plans	(0.08)
Less : Effect of adoption of Ind AS 116 Leases (Refer note 2.3)	(0.60)
Less : Final Dividend	(63.34)
Less : Tax on Final Dividend	(13.02)
As at March 31, 2020	684.23

**Capital reserve**

As at April 1, 2018	16.54
Movement for the year 2018-19	-
As at March 31, 2019	16.54
Movement for the year 2019-20	-
As at March 31, 2020	16.54

**General reserve**

As at March 31, 2018	480.10
Add : Transfer from retained earnings	91.80
As at March 31, 2019	571.90
Add : Transfer from retained earnings	80.15
As at March 31, 2020	652.05

**Cash flow hedge reserve**

As at April 1, 2018	0.25
Add : Net movement in Cash Flow Hedges	(0.42)
As at March 31, 2019	(0.17)
Add : Net movement in Cash Flow Hedges	(0.24)
As at March 31, 2020	(0.41)



**Solar Industries India Limited**  
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**Other Equity (Continued...)**

**Foreign currency translation reserve**

As at April 1, 2018	(50.88)
Add : Exchange differences on translation of foreign operations	(40.28)
As at March 31, 2019	(91.16)
Less : Exchange differences on translation of foreign operations	(48.39)
As at March 31, 2020	(139.55)

**Total other equity**

As At April 1, 2018	1,065.76
Movement for the year 2018-19	154.47
As At March 31, 2019	1,220.23
Movement for the year 2019-20	141.76
As At March 31, 2020	1,361.99

**Nature and purpose of reserves**

**1 Securities premium**

Securities premium is used to record the premium on issue of shares. This can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

**2 Capital reserve**

The Group recognizes profit or loss on purchase, sale, issue or cancellation of the Group's own equity instruments to capital reserve.

**3 General reserve**

Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paid-up capital of the Company for that year, then the total dividend distribution is less than the total distributable results for that year. Consequent to introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of Companies Act, 2013.

**4 Cash flow hedge reserve**

The Group uses hedging instruments as part of its management of foreign currency risk and interest rate risk associated with borrowings. For hedging foreign currency and interest rate risk, the Group uses foreign currency forward contracts, foreign currency option contracts and interest rate swaps. To the extent these hedges are effective, the change in fair value of the hedging instrument is recognised in the cash flow hedging reserve. Amounts recognised in the cash flow hedging reserve is reclassified to the statement of profit and loss when the hedged item affects profit and loss (e.g. interest payments).

**5 Foreign currency translation reserve**

Exchange differences arising on translation of the foreign operations are recognised in other comprehensive income as described in accounting policy and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed-off.

**6 Retained Earnings**

Retained earnings are the profits that the Group has earned till date, less transfers to General Reserve and payment of dividend.

**12B. Distribution made and proposed**

	March 31, 2020	March 31, 2019
<b>Cash dividends on equity shares declared:</b>		
Final cash dividend for the year ended on March 31, 2019: ₹ 7 per share (March 31, 2018: ₹ 6 per share)	63.34	54.29
DDT on final dividend	13.02	11.16
	<b>76.36</b>	<b>65.45</b>
<b>Proposed dividends on Equity shares *</b>		
Final cash dividend for the year ended on March 31, 2020: ₹ 6 per share (March 31, 2019: ₹ 7 per share)	54.29	63.34
DDT on proposed dividend	-	13.02
	<b>54.29</b>	<b>76.36</b>

\* Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability.





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Financial liabilities

Note 13. Non-current borrowings

	March 31, 2020	March 31, 2019
<b>Secured Borrowings carried at amortised cost</b>		
<b>Term loans from banks</b>		
Foreign currency loan from Banks	40.36	153.79
Interest accrued but not due	1.25	0.39
Term loan	277.06	100.64
Sales tax deferral loan	0.36	0.47
Deferred Purchase Consideration	33.38	35.92
	<b>352.41</b>	<b>291.21</b>
<b>Less: Amount shown under "Other current financial liabilities" (refer note 16A)</b>		
Current maturities of long-term debt	(97.96)	(138.92)
Interest accrued but not due on non-current borrowings	(1.65)	(0.73)
	<b>252.80</b>	<b>151.56</b>

Note 14: Current borrowings

	March 31, 2020	March 31, 2019
<b>Secured at amortised cost</b>		
<b>From banks</b>		
Foreign currency working capital loan	25.37	26.07
Working capital loan	265.03	253.64
Buyers credit	-	31.04
Interest accrued but not due	0.10	0.12
<b>Unsecured</b>		
<b>From banks</b>		
Working capital loan	64.24	-
<b>From others</b>		
Foreign currency loan	4.31	3.52
	<b>359.05</b>	<b>314.39</b>
<b>Less: Amount shown under "Other current financial liabilities" (refer note 16A)</b>		
Interest accrued but not due on current borrowings	(1.68)	(1.47)
	<b>357.37</b>	<b>312.92</b>



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Maturity profile of Non current Borrowing

	Maturity date	Terms of repayment	March 31, 2020	March 31, 2019
<b>Secured</b>				
Foreign currency term loan from Bank	August 31, 2021	Repayable in eight equal quarterly installment starting after moratorium period of 12 months	40.35	49.18
Rupee Term Loan from Bank	September 13, 2024	Repayable in twelve quarterly installment starting after moratorium period of 24 months	50.00	-
Indian rupee term loan	December 17, 2024	Repayable in twelve quarterly installment starting after moratorium period of 24 months	50.00	-
Indian rupee term loan	August 01, 2021	Repayable in eight quarterly installment starting after moratorium period of 12 months	75.00	50.00
Local currency loan (South African Rand)	September 26, 2022	12 Quarterly Payments commencing from the start of 9th quarter from the first disbursement	34.05	50.52
Local currency loan (South African Rand)	March 03, 2025	12 Quarterly Payments commencing from the start of 9th quarter from the first disbursement	5.65	-
Local currency loan (Turkish Lira)	February 20, 2022	Single repayment at the end of the term	1.83	-
Local currency loan (USD)	March 15, 2026	10 six monthly installments commencing from September 15, 2021	60.53	-
Foreign currency term loan from Bank	March 27, 2020	Repayable in eight equal quarterly installment starting after moratorium period of 12 months	-	23.78
Rupee Term Loan from Bank	January 16, 2020	Repayable in eight equal quarterly installment starting after moratorium period of 12 months	-	0.00
Foreign currency term loan from Bank	September 19, 2019	Single repayment at the end of the term	-	53.13
Foreign currency term loan from Bank	September 27, 2019	Repayable in eight equal half yearly installment	-	8.64
Foreign currency term loan from Bank	January 30, 2020	Repayables in eight equal quarterly installment	-	19.05
Indian rupee term loan	January 30, 2020	Repayables in eight equal quarterly installment	-	0.13
<b>Unsecured</b>				
Deferred purchase consideration	November 01, 2027	Quarterly payments commencing from April 2018 for 10 years	33.38	35.92
Sales tax deferral loan	April 30, 2024	Repayable as per Sales Tax Deferral Scheme.	0.36	0.47
			<b>351.16</b>	<b>290.82</b>
Interest accrued but not due			1.25	0.39
			<b>352.41</b>	<b>291.21</b>

The above foreign currency term loan from Banks carries an interest rate of LIBOR+ 100 bps to 212 bps

The Indian rupee long term from bank carries an interest rate of 1 year MCLR to 1 yr MCLR + 25bps

Loan taken by overseas subsidiaries are taken at interest rate of 3 month LIBOR+250 bps to 9.5%, some loans are taken at 3 month JIBAR+340bps to 3 month JIBAR+365bps



**Solar Industries India Limited**

Notes to Financial Statements for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

**Maturity profile of Current Borrowing**

	Maturity date	Terms of repayment	March 31, 2020	March 31, 2019
<b>Secured</b>				
Indian Rupee working capital loan from Bank	April 9, 2020	Single repayment at the end of the term	8.33	-
Indian Rupee working capital loan from Bank	April 9, 2020	Single repayment at the end of the term	5.00	-
Indian Rupee working capital loan from Bank	April 13, 2020	Single repayment at the end of the term	5.00	-
Cash Credits from Bank	On Demand	Single repayment at the end of the term	2.98	-
Cash Credits from Bank	On Demand	Single repayment at the end of the term	2.43	-
Indian rupee working capital loan from Bank	April 09, 2020	Single repayment at the end of the term	10.00	-
Indian rupee working capital loan from Bank	April 13, 2020	Single repayment at the end of the term	9.00	-
Indian rupee working capital loan from Bank	On Demand	Repayable on demand	9.15	-
Foreign Currency Loan (USD)	June 30, 2020	Single repayment at the end of the term	15.42	5.04
Foreign Currency Loan (USD)	May 29, 2020	Single repayment at the end of the term	1.51	3.04
Foreign Currency Loan (USD)	June 30, 2020	Single repayment at the end of the term	0.52	3.82
Local Currency Loan (USD)	June 30, 2020	Single repayment at the end of the term	114.34	174.22
Local Currency Loan (USD)	Various from June 2020 to September 2020	Single repayment at the end of the term	30.26	-
Local Currency Loan (USD)	February 24, 2021	Single repayment at the end of the term	37.88	-
Local Currency Loan (Nigerian Naira)	April 14, 2020	Single repayment at the end of the term	1.02	1.93
Local Currency Loan (Turkish Lira)	February 24, 2021	Single repayment at the end of the term	1.77	-
Local Currency Loan (Turkish Lira)	November 20, 2020	Single repayment at the end of the term	2.46	-
Local Currency Loan (Turkish Lira)	April 2020	Single repayment at the end of the term	0.05	0.04
Foreign Currency Loan (USD)	On demand	On demand	7.93	-
Local Currency Loan (South African Rand)	On demand	On demand	25.35	-
Local Currency Loan from bank	June 11, 2019	Single repayment at the end of the term	-	24.88
Local Currency Loan from bank	June 18, 2019	Single repayment at the end of the term	-	4.30
Local Currency Loan from bank	August 5, 2019	Single repayment at the end of the term	-	6.45
Local Currency Loan from bank	April 4, 2019	Single repayment at the end of the term	-	13.52
Local Currency Loan from bank	On Demand	Single repayment at the end of the term	-	28.11
Local Currency Vehicle Loan (Turkish Lira)	October 11, 2019	Monthly Installments	-	0.06
Local Currency Vehicle Loan (Turkish Lira)	August 15, 2019	Monthly Installments	-	0.12
Foreign currency working capital loan from Bank	October 23, 2019	Single repayment at the end of the term	-	14.18
Buyer's credit	May 14, 2019	Single repayment at the end of the term	-	15.86
Buyer's credit	July 19, 2019	Single repayment at the end of the term	-	15.18
<b>Unsecured</b>				
Indian Rupee working capital loan from Bank	April 17, 2020	Single repayment at the end of the term	15.00	-
Local Currency Loan (Turkish Lira)	On demand	On demand	30.79	-
Local Currency Loan (South African Rand)	On demand	On demand	18.45	-
Loan from others (Foreign Currency Loan (USD))	Mutual consent	Mutual consent	0.23	-
Loan from others (Foreign Currency Loan (USD))	Mutual consent	Mutual consent	4.08	3.52
			<b>358.95</b>	<b>314.27</b>
Interest accrued but not due			0.10	0.12
			<b>359.05</b>	<b>314.39</b>





**Solar Industries India Limited**

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The Indian rupee working capital loan from Bank carries rate of 7.80 to 8.75%

Loans taken by overseas subsidiaries are taken at interest rate of LIBOR+ 125 to LIBOR+ 700 and certain loans are from 6.5% to 19% and a loan is at 3 month JIBAR+290bps

**Security**

The above non current loans from banks are secured by first pari passu charge on the tangible movable and immovable property, plant and equipment 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 property, plant and equipment 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 other loans do not carry any debt covenants. The Group has not defaulted on any loans payable.



**Note 15 : Trade payables**

	March 31, 2020	March 31, 2019
Trade payables	154.42	163.30
Trade payables to related parties (refer note 30C)	0.01	-
	<b>154.43</b>	<b>163.30</b>

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 33

**Note 16A : Other current financial liabilities**

	March 31, 2020	March 31, 2019
<b>Derivative Instruments at fair value through profit or loss</b>		
Fair valuation of derivative contracts (refer note 32)	-	6.36
	-	<b>6.36</b>
<b>Derivative Instruments at fair value through OCI</b>		
Fair valuation of derivative contracts (refer note 32)	0.62	-
	<b>0.62</b>	-
<b>Other financial liabilities at amortised cost</b>		
Current maturities of long-term debt (refer note 13)	97.96	138.92
Interest accrued on non-current borrowings (refer note 13)	1.65	0.73
Interest accrued on current borrowings (refer note 14)	1.68	1.47
	<b>101.29</b>	<b>141.12</b>
<b>Others</b>		
Capital creditors	12.27	6.67
Employees related payable (including labour related)	19.13	18.70
Liabilities towards trade discounts	16.21	16.55
Lease Liability (refer note 3E)	4.02	-
Unclaimed dividend	0.06	0.06
	<b>51.69</b>	<b>41.98</b>
	<b>153.60</b>	<b>189.46</b>

**Note 16B : Other non-current financial liabilities**

	March 31, 2020	March 31, 2019
Lease Liability (refer note 3E)	8.68	-
Capital Creditors	0.31	0.53
	<b>8.99</b>	<b>0.53</b>



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**Note 17: Other current liabilities**

	March 31, 2020	March 31, 2019
Statutory dues payables	33.33	27.29
Other current liabilities	0.33	0.16
Contract Liabilities	21.31	18.57
Other advances	-	0.47
	<b>54.97</b>	<b>46.49</b>

**Note 18 : Provisions**

	March 31, 2020		March 31, 2019	
	Current	Non-current	Current	Non-current
<b>Provision for employee benefits</b>				
Provision for gratuity	1.62	1.92	3.64	0.15
Provision for leave encashment	6.92	-	5.15	-
	<b>8.54</b>	<b>1.92</b>	<b>8.79</b>	<b>0.15</b>





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**Note 19 : Tax Expenses**

The major components of tax expense for the years ended March 31, 2020 and March 31, 2019 are :

**Consolidated Statement of profit and loss:**

**Profit and loss section**

	March 31, 2020	March 31, 2019
<b>Current income tax:</b>		
Current income tax charge	95.37	130.45
Adjustment of tax relating to earlier periods	0.04	(5.48)
<b>Deferred tax:</b>		
Relating to Change in tax rate#	(32.77)	-
Relating to origination and reversal of temporary differences	(5.51)	0.08
<b>Tax expense reported in the statement of profit and loss</b>	<b>57.13</b>	<b>125.05</b>

**OCI section**

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

	March 31, 2020	March 31, 2019
Net gain/(loss) on cash flow hedges	(0.09)	(0.23)
Net (loss)/gain on remeasurements of defined benefit plans*	(0.00)	(0.05)
Exchange difference on translation of foreign operations	(5.55)	(4.54)
<b>Income tax charged to OCI</b>	<b>(5.64)</b>	<b>(4.82)</b>

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2020 and March 31, 2019 :

	March 31, 2020	March 31, 2019
Accounting profit before tax	335.80	401.85
Computed expected tax expense @ standard tax rate in India	90.45	137.13
<b>Effect of:</b>		
Corporate social responsibility expenditure	1.21	1.42
Dividend Distribution Tax recognised in Profit or loss	-	1.93
Research and development expense	(0.18)	(3.64)
Items which are deductible for tax purpose	-	2.40
Tax incentives	(5.59)	-
Income taxed at lower rates	-	(1.16)
Income tax for earlier years*	(0.00)	(5.39)
Tax loss on which deferred tax not recognised	3.92	3.26
Previously unrecognized deferred tax assets now recognized to reduce deferred tax expense	-	(1.80)
Relating to Change in tax rate#	(30.47)	(11.45)
Others	(2.21)	2.35
<b>Total income tax expense</b>	<b>57.13</b>	<b>125.05</b>

\* Amount is less than ₹ 0.01 as at March 31, 2020



Solar Industries India Limited  
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The balance comprises temporary differences attributable to:

Deferred tax relates to the following :  
 Balance sheet

	March 31, 2020	March 31, 2019
<b>Deferred tax liabilities</b>		
Property, plant and equipment : impact of difference between tax depreciation and depreciation/amortisation charged for the financial reporting	127.83	146.16
Currency translation losses	3.66	1.39
Financial assets at fair value through profit or loss	(0.05)	(0.18)
Derivative Instruments at fair value through profit or loss	0.36	(1.91)
	<b>131.80</b>	<b>145.46</b>
Unclaimed credit	(16.92)	(19.49)
Provision for investments in associates	(0.25)	(0.34)
Provision towards trade receivables	(4.21)	(3.72)
Set off of deferred tax liabilities	(3.18)	(0.39)
Provision for advances w/off	(0.05)	-
Provision for discounting of Non current Asset	(0.94)	-
Employee Benefits	(1.39)	(2.05)
	<b>(26.94)</b>	<b>(25.99)</b>
<b>Net deferred tax (assets)/liabilities</b>	<b>104.86</b>	<b>119.47</b>

Reconciliation of deferred tax liability:

	March 31, 2020	March 31, 2019
Opening balance	119.47	101.07
Tax (income)/expense during the period recognised in profit or loss	(11.54)	23.29
Tax (income)/expense during the period recognised in other comprehensive income	(5.64)	(4.82)
On account of Unclaimed credit	2.57	(0.07)
<b>Closing balance</b>	<b>104.86</b>	<b>119.47</b>

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities 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, 2020 and March 31, 2019, the Group has paid dividend to its shareholders. This has resulted in payment of DDT to the taxation authorities. The Group believes that DDT represents additional payment to taxation authority on behalf of the shareholders. Hence DDT paid is charged to equity.

#The Holding Company has adopted the option of lower tax rate as provided in the Taxation Law Amendment Ordinance, 2019 and consequent impacts on tax expense have been considered for the year ended March 31, 2020.



Solar Industries India Limited  
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**Note 20 : Revenue from operations**

	March 31, 2020	March 31, 2019
Sale of products (Refer note 36)	2,165.43	2,389.37
Other operating revenue*	71.87	72.20
	<b>2,237.30</b>	<b>2,461.57</b>

The Company collects GST on behalf of the Government, hence GST is not included in revenue from operations.

\*Includes accrual of income under Package Scheme of Incentives of ₹ 50.81 (previous year ₹ 47.49) and reimbursement of provident fund under Package Scheme of Incentives of ₹ 3.21 (previous year ₹ Nil)

**Note 21 : Other income**

	March 31, 2020	March 31, 2019
Interest income		
On financial assets carried at amortised cost		
from others	1.34	1.95
On deposits with bank	2.19	2.04
Interest on tax refund	0.11	-
Profit on sale of investments carried at fair value through profit or loss	0.94	1.91
Net gain on financial assets mandatorily measured at fair value through profit and loss	-	0.01
Dividend income from equity investments designated at fair value through Profit and loss	-	0.16
Net gain on disposal of property, plant and equipment	0.11	0.22
Net gain on sale of financial assets carried at fair value through profit and loss	-	0.31
Net gain on foreign currency transaction and translation	33.01	0.46
Fair value gain on derivatives(net)	-	1.31
Excess provision of Interest on Income Tax written back	1.08	-
Miscellaneous income	2.27	6.35
	<b>41.05</b>	<b>14.72</b>

**Note 22A : Cost of materials consumed**

	March 31, 2020	March 31, 2019
Raw materials and packing material at the beginning of the year	168.71	108.99
Add: Purchases during the year	1,098.28	1,313.18
Less: Raw material and packing material at the end of the year	(163.21)	(168.71)
	<b>1,103.78</b>	<b>1,253.46</b>





**Solar Industries India Limited**

Notes to Consolidated financial statements for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

**Note 22B : Changes in inventories of finished goods, work-in-progress and stock-in-trade**

	March 31, 2020	March 31, 2019
<b>Opening balance</b>		
Work-in progress	21.09	27.72
Finished goods	41.56	27.64
Stock in trade	34.65	52.08
	<b>97.30</b>	<b>107.44</b>
<b>Closing balance</b>		
Work-in progress	27.24	21.09
Finished goods	41.26	41.56
Stock in trade	70.94	34.65
	<b>139.44</b>	<b>97.30</b>
	<b>(42.14)</b>	<b>10.14</b>

**Note 23 : Employee benefit expense**

	March 31, 2020	March 31, 2019
Salaries and wages (including bonus)	126.50	109.42
Remuneration to directors	10.67	10.14
Contribution to provident and other funds	8.95	7.68
Staff welfare expenses	3.49	4.05
<b>Total - A</b>	<b>149.61</b>	<b>131.29</b>
Labour charges (including bonus)	57.01	52.91
<b>Total - B</b>	<b>57.01</b>	<b>52.91</b>
<b>Total expense (A+B)</b>	<b>206.62</b>	<b>184.20</b>



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**Notes to Consolidated financial statements for the year ended March 31, 2020**  
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**Note 24 : Other expenses**

	<b>March 31, 2020</b>	<b>March 31, 2019</b>
Consumption of stores and spares	14.52	15.93
Repairs and maintenance :		
Plant and machinery	8.21	9.49
Buildings	4.30	2.92
Others	9.91	8.69
Water and electricity charges	30.64	28.90
Rates and taxes	5.66	3.76
Legal and professional fees	18.74	14.43
Travelling and conveyance	17.25	18.50
Sales commission expenses	14.17	17.23
Freight and forwarding charges	96.49	98.82
Transportation charges	23.21	23.35
Pump truck expenses	9.63	10.30
Security service charges	11.87	10.87
Sales promotion expenses	12.28	4.48
Testing Charges	11.66	4.63
Donations	3.27	2.71
Advertisement expenses	16.41	17.12
Advance/ Investment written off	0.20	0.16
Directors' sitting fees	0.22	0.37
Exchange differences (net)	0.05	12.10
Fair value loss on derivatives not designated as hedges	-	9.78
Bad debts written-off	0.97	7.34
Net loss on financial assets mandatorily measured at fair value through profit or loss	0.22	0.41
Impairment loss on financial assets	17.45	4.95
Corporate social responsibility expenditure	6.12	5.17
Consultancy charges	1.14	1.89
Miscellaneous expenses (mainly includes printing , communication , postage , office expenses etc.)	46.77	40.19
	<b>381.36</b>	<b>374.49</b>



**Solar Industries India Limited**

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**Notes 25 : Finance costs**

	March 31, 2020	March 31, 2019
Interest on borrowings*		
To banks	47.70	40.90
To others	2.98	7.66
Interest on lease liabilities	1.56	-
Exchange differences regarded as an adjustment to borrowing cost*	2.80	1.31
	<b>55.04</b>	<b>49.87</b>

\*Net of borrowing cost capitalised (refer note 3A)

**Note 26 : Depreciation and amortization expense**

	March 31, 2020	March 31, 2019
Depreciation of property, plant & equipments (refer note 3A)	74.85	55.63
Depreciation - Right-of-use Asset (refer note 3E)	4.85	0.01
Amortization of Intangible assets (refer note 3C)	5.39	4.16
Less : Transfer to intangible asset under development	(0.56)	(0.91)
	<b>84.53</b>	<b>58.89</b>





Note 27 : Earnings per share (EPS)

	March 31, 2020	March 31, 2019
<b>Basic and diluted EPS</b>		
Profit attributable to the equity holders of the company for basic and diluted EPS	267.43	261.61
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 (₹)	<b>29.55</b>	<b>28.91</b>
Nominal value of shares (₹)	2.00	2.00



**Note 28: Employee Benefit obligations**

**Post-employment obligations**

**Gratuity and other post-employment benefit plan**

The holding company and some of its Indian Subsidiaries operates a defined benefit gratuity plan 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 insurance companies 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 summarises the components of net benefit expense recognized in the statement of profit and loss, other comprehensive income, and the funded status and amount recognised 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, 2020	March 31, 2019
Net Service cost	1.34	1.22
Net interest cost	0.12	0.07
	<b>1.46</b>	<b>1.29</b>

**Other Comprehensive Income**

	March 31, 2020	March 31, 2019
Opening balance recognized in OCI	-	-
Actuarial gain / (loss) on liabilities	0.08	(0.07)
Actuarial gain / (loss) on assets	(0.16)	(0.10)
<b>Closing balance recognized in OCI</b>	<b>(0.08)</b>	<b>(0.17)</b>

**The amount recognized in Balance Sheet**

	March 31, 2020	March 31, 2019
Present value of funded obligations	17.70	15.72
Fair value of plan assets	14.16	11.93
<b>Net defined benefit liability / (assets) recognized in balance sheet</b>	<b>3.54</b>	<b>3.79</b>



**Solar Industries India Limited**

**Notes to Consolidated financial statement for the year ended March 31, 2020**

**(All amounts in ₹ Crores, unless otherwise stated)**

**Change in Present Value of Obligations**

	March 31, 2020	March 31, 2019
Opening of defined benefit obligations	15.72	11.57
Service cost	1.83	3.51
Interest Cost	1.02	0.89
Benefit Paid	(0.80)	(0.21)
Actuarial (Gain)/Loss on total liabilities	(0.07)	(0.04)
<b>Closing of defined benefit obligation</b>	<b>17.70</b>	<b>15.72</b>

**Change in Fair Value of Plan Assets**

	March 31, 2020	March 31, 2019
Opening fair value of plan assets	11.93	10.66
Actual Return on Plan Assets	0.75	0.72
Employer Contribution	2.28	0.76
Benefit Paid	(0.80)	(0.21)
<b>Closing fair value of plan assets</b>	<b>14.16</b>	<b>11.93</b>

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

	March 31, 2020	March 31, 2019
Investments with insurer (LIC)	88%	100%
Investments with insurer (ICICI)	12%	0%

The significant actuarial assumptions were as follows :

	March 31, 2020	March 31, 2019
Discount Rate	5.66% to 6.65% p.a.	7.05% to 7.63% p.a.
Rate of increase in Compensation levels	(Nil for the current year, from next year onward it is 5% p.a.)	5% p.a.
Rate of Return on Plan Assets	7.62% to 7.63% p.a.	7.69% to 7.75% 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.

**Actuarial assumptions**

The expected contribution for defined benefit plan for the next financial year will be in line with financial year 2019-20

**Sensitivity Analysis**

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

	March 31 2020	Impact (Absolute)	Impact (%)
Base Liability	17.70		
Increase Discount Rate by 0.50%	17.38	(0.31)	-1.78%
Decrease Discount Rate by 0.50%	18.03	0.33	1.88%
Increase Salary Inflation by 1%	18.42	0.72	4.08%
Decrease Salary Inflation by 1%	17.10	(0.59)	-3.34%
Increase in Withdrawal Assumption by 5%	17.99	0.29	1.64%
Decrease in Withdrawal Assumption by 5%	17.26	(0.43)	-2.45%

**Notes :**

- Liabilities are very sensitive to discount rate, salary inflation and attrition rate.
- Liabilities are very less sensitive due to change in mortality assumptions. Hence, sensitivities due to change in mortality are ignored.





**Solar Industries India Limited**

**Notes to Consolidated financial statement for the year ended March 31, 2020**

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**Note 29 : Commitments and contingencies**

**Capital Commitments**

	<b>March 31, 2020</b>	<b>March 31, 2019</b>
Estimated amount of contracts remaining to be executed on capital account (net of advances)	56.63	21.07

**Contingent liabilities**

	<b>March 31, 2020</b>	<b>March 31, 2019</b>
<b>Claims against the Group not acknowledged as debts (refer note a )</b>		
Excise related matters	4.74	6.21
Sales tax / VAT related matters	3.52	4.66
Provident Fund related matter	0.15	-
Income tax related matters	-	2.32

**Note a:**

The Group is contesting the demands. 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.

**Lease Commitments**

The group has taken certain assets on lease for a term generally ranging for a period of 1 year to 5 years.

Future minimum lease rental payables under non-cancellable operating leases are as follows:

	<b>March 31, 2020</b>	<b>March 31, 2019</b>
Lease payments recognised during the year	6.30	7.76
Within one year	5.32	0.39
Later than one year but not later than five years	6.39	0.42
More than five years	24.96	1.21



**Note 30: Related Party Disclosures**

**A Names of related parties and related party relationship :**

**I Associates**

SMS Bhatgaon Mines Extension Private Limited (Note 1)  
Solar Bhatgaon Extension Mines Private Limited (Note 1)

**II Entities with Joint control or significant influence over the entity**

ASTRA Resources Pty Limited

**III Key Management Personnel (KMP) (Holding Company)**

Shri Satyanarayan Nuwal (Chairman and Executive Director)  
Shri Kailashchandra Nuwal (Vice Chairman and Executive Director)(refer note 30D)  
Shri Manish Nuwal (Managing Director and CEO)  
Shri Suresh Menon (Executive Director)  
Shri Anil Kumar Jain (Executive Director)  
Shri Nilesh Panpaliya (Chief Financial Officer)  
Smt Khushboo Pasari (Company Secretary and Compliance Officer)

**III A Relatives of Key Management Personnel (KMP)**

Smt Leeladevi Nuwal  
Smt Indiradevi Nuwal  
Smt Sohadevi Nuwal  
Smt Seemadevi Nuwal

**IV Non executive directors\***

Shri Anant Sagar Awasthi (Resigned w.e.f March 31, 2020)  
Shri Dilip Patel  
Shri Ajai Nigam  
Shri Amrendra Verma  
Smt Madhu Vij  
Shri Sunil Srivastav (Appointed as an additional Non Executive Independent Director w.e.f February 11, 2020)

\* Non Executive Independent directors were only paid sitting fees for attending Board & Board Committee meetings for the year 2019-20

The Group has not entered into any other transactions with its Non Executive Independent Directors or the enterprises over which they have significant influence.

**V Enterprises, over which control or significant influence is exercised by individuals listed in 'III' above (with whom transactions have taken place)**

Solar Synthetics Private Limited  
AG Technologies Pvt. Ltd. (refer note 30D)

**VI Enterprises, over which control or significant influence is exercised by individuals listed in 'III' above (other than 'V' above)**

Commercial Sales Corporation  
Solar Enlightenment Foundation

**VII Other related parties**

**Post employment benefit plans**

Solar Industries India Limited employee group gratuity assurance scheme  
Economic Explosives Limited employee group gratuity assurance scheme  
Refer to Note 28 for information on transactions with post employment benefit plans mentioned above

Note 1:- The entity is under process of striking off



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B. Transactions with related parties during the year

Nature of Transaction	March 31, 2020	March 31, 2019
<b>Purchase of raw material and components</b>		
Solar Synthetics Private Limited	0.03	0.08
<b>Total</b>	<b>0.03</b>	<b>0.08</b>
<b>Other Expenditure</b>		
Solar Synthetics Private Limited	0.15	0.19
<b>Total</b>	<b>0.15</b>	<b>0.19</b>
<b>Rent paid</b>		
Solar Synthetics Private Limited	0.07	0.06
AG Technologies Pvt. Ltd. (Rent) (refer note 30D)	0.32	-
Smt. Indiradevi Nuwal	0.01	0.02
<b>Total</b>	<b>0.40</b>	<b>0.08</b>
<b>Loans given during the year</b>		
ASTRA Resources Pty Limited	7.70	7.19
<b>Total</b>	<b>7.70</b>	<b>7.19</b>
<b>Loans repaid during the year</b>		
Commercial Sales Corporation	-	(0.63)
Shri Kailashchandra Nuwal (refer note 30D)	-	(0.06)
Shri Satyanarayan Nuwal	-	(0.73)
<b>Total</b>	<b>-</b>	<b>(1.42)</b>
<b>Interest income</b>		
SMS Bhatgaon Mines Extension Private Limited	-	0.06
Solar Bhatgaon Extension Mines Private Limited	-	0.01
ASTRA Resources Pty Limited	1.06	0.23
<b>Total</b>	<b>1.06</b>	<b>0.30</b>
<b>Balance Written off</b>		
SMS Bhatgaon Mines Extension Private Limited	-	1.00
Solar Bhatgaon Extension Mines Private Limited	-	0.14
<b>Total</b>	<b>-</b>	<b>1.14</b>
<b>Donation made</b>		
Solar Enlightenment Foundation	-	0.62
<b>Total</b>	<b>-</b>	<b>0.62</b>
<b>Interest Paid</b>		
Commercial Sales Corporation	-	0.05
Shri Kailashchandra Nuwal * (refer note 30D)	-	0.00
Shri Satyanarayan Nuwal	-	0.05
<b>Total</b>	<b>-</b>	<b>0.10</b>

B. Transactions with related parties during the year

Nature of Transaction	March 31, 2020	March 31, 2019
<b>Remuneration to KMP #</b>		
Shri Satyanarayan Nuwal	2.70	2.70
Shri Kailashchandra Nuwal (refer note 30D)	2.70	2.70
Shri Manish Nuwal	2.70	2.70
Shri Roomie Dara Vakil	-	0.03
Shri Suresh Menon	0.94	0.84
Shri Anil Kumar Jain	0.51	0.42
Shri Nilesh Panpatiya	0.36	0.32
Mrs. Khushboo Pasari	0.12	0.11
<b>Total</b>	<b>10.03</b>	<b>9.82</b>





Solar Industries India Limited  
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 (All amounts in ₹ Crores, unless otherwise stated)

Nature of Transaction	March 31, 2020	March 31, 2019
<b>Sitting fees</b>		
Shri Anant Sagar Awasthi	0.02	0.02
Shri Dilip Patel	0.04	0.05
Shri Ajai Nigam	0.04	0.04
Shri Amrendra Verma	0.05	0.03
Smt Madhu Vij	0.04	0.03
Shri Sunil Shrivastav	0.01	-
<b>Total</b>	<b>0.20</b>	<b>0.17</b>

\* Amount is less than ₹ 0.01 in March 31, 2019

**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, 2020, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2019: ₹ 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:**

	March 31, 2020	March 31, 2019
<b>Loans Given</b>		
ASTRA Resources Pty Limited	15.77	8.07
<b>Total</b>	<b>15.77</b>	<b>8.07</b>
<b>Other financial assets (Accrued Interest)</b>		
ASTRA Resources Pty Limited	1.64	0.48
	<b>1.64</b>	<b>0.48</b>
<b>Other payables</b>		
Solar Synthetics Private Limited	-	0.03
Shri Satyanarayan Nuwal	0.23	0.07
Shri Manish Nuwal	0.16	0.08
Shri Kailashchandra Nuwal (refer note 30D)	0.05	0.08
<b>Total</b>	<b>0.44</b>	<b>0.26</b>

D. Mr. Kailash Chandra Nuwal, Executive Director and Vice Chairman of Solar industries India Limited has vacated office of Director with effect from November 7, 2019 on account of failure to make disclosures of his shareholding and directorship in AG Technologies Private Limited in the correct / complete format, either on the date of becoming a director thereof or facilitating, without the prior approval of the Audit Committee, a Rent Agreement between Solar Industries India Limited and AG Technologies Private Limited, which was (and continued to be) related party.

Based on legal opinions obtained, the Holding Company has concluded that the aforesaid act was a violation of section 184(1) and 184(2) of the Companies Act, 2013, Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the 'Policy on Related Party Transactions of Solar Industries India Limited'. The Holding Company has Intimated the Stock exchanges and filed necessary documents with the Registrar of Companies intimating vacation of office by the said Director.

The audit committee during its meeting on July 31, 2020 noted that the said transaction was not pre-approved by the audit committee. Based on legal evaluation, the Holding Company believes that there are no other legal non-compliance due to vacation of office by the said Director.



**Solar Industries India Limited**

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(All amounts in ₹ Crores, unless otherwise stated)

**Note 31: 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, 2020	March 31, 2019
India	1,287.95	1,413.61
Outside India	877.48	975.76
<b>Total</b>	<b>2,165.43</b>	<b>2,389.37</b>

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, 2020	March 31, 2019
India	1,098.36	987.31
Outside India	321.98	260.35
<b>Total</b>	<b>1,420.34</b>	<b>1,247.66</b>

There is only one customer individually contributing more than 10% of Group's revenue, total amount of revenue from such customer for the year ended on March 31, 2020 is ₹ 371.42 (March 31, 2019 is ₹ 418.53 )



**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 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 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, 2020 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, 2020 is as follows:

	Carrying Value	Notes	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Financial assets</b>					
<b>Amortised cost</b>					
Loans	26.79	5	-	26.79	-
Other financial assets (except derivatives)	108.01	6	-	-	-
Trade receivables	370.32	7	-	-	-
Cash and cash equivalents	92.56	8	-	-	-
Bank balances other than cash and cash equivalents	27.58	8	-	-	-
<b>Fair value through profit and loss</b>					
Investment in equity instruments of others (unquoted)	0.12	4	-	0.12	-
Investment in Venture Capital Fund (unquoted)	2.14	4	-	2.14	-
Investment in equity instruments (quoted)	0.02	4	0.02	-	-
Investment in mutual funds	0.07	4	0.07	-	-
<b>Fair Value through profit and loss</b>					
Derivative Instruments	2.05	6	-	2.05	-
<b>Total Financial assets</b>	<b>629.66</b>		<b>0.09</b>	<b>31.10</b>	-





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The carrying value and fair value of financial instruments by categories including the quantitative disclosures of fair value measurement hierarchy as at March 31, 2020 is as follows:

	Carrying Value	Notes	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Financial Liabilities</b>					
<b>Amortised cost</b>					
Borrowings					
Non-current	252.80	13	-	252.80	-
Current	357.37	14	-	357.37	-
Trade payables	154.43	15	-	-	-
Other financial liabilities (except derivatives)	161.97	16	-	-	-
<b>Fair Value through other comprehensive income</b>					
Derivative Instrument not designated as hedge	0.62	16	-	0.62	-
<b>Total Financial Liabilities</b>	<b>927.19</b>		-	<b>610.79</b>	-

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

The carrying value and fair value of financial instruments by categories including the quantitative disclosures of fair value measurement hierarchy as at March 31, 2019 is as follows:

	Carrying Value	Notes	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Financial assets</b>					
<b>Amortised cost</b>					
Loans	16.41	5	-	16.41	-
Other financial assets (except derivatives)	107.68	6	-	-	-
Trade receivables	399.04	7	-	-	-
Cash and cash equivalents	61.00	8	-	-	-
Bank balances other than cash and cash equivalents	30.76	8	-	-	-
<b>Fair value through profit and loss</b>					
Investment in equity instruments of others (unquoted)	0.11	4	-	0.11	-
Investment in Venture Capital Fund (unquoted)	2.36	4	-	2.36	-
Investment in equity instruments (quoted)	0.05	4	0.05	-	-
Investment in mutual funds (quoted)	30.12	4	30.12	-	-
<b>Fair value through profit and loss</b>					
Derivative instruments	0.91	6	-	0.91	-
<b>Fair value through other comprehensive income</b>					
Derivative instruments	0.05	6	-	0.05	-
<b>Total Financial assets</b>	<b>648.49</b>		<b>30.17</b>	<b>19.84</b>	-
<b>Financial Liabilities</b>					
<b>Amortised cost</b>					
Borrowings					
Non-current	151.56	13	-	151.56	-
Current	312.92	14	-	312.92	-
Trade payables	163.30	15	-	-	-
Other financial liabilities (except derivatives)	183.63	16	-	-	-
<b>Fair value through profit and loss</b>					
Derivative Instruments not designated as hedge	6.36	16	-	6.36	-
<b>Total Financial liabilities</b>	<b>817.77</b>		-	<b>470.84</b>	-

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



**Note 33: 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 financial risk management system which proactively identifies monitors and takes precautionary and mitigation measures in respect of various identified risks.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks, which evaluates and exercises independent control over the entire process of financial risks. All 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	Sensitivity Analysis	Interest Rate Swaps
	Term Deposits		
Market Risk-Foreign Exchange	Recognized financial assets and liabilities not denominated in INR	Cash Flow Analysis	Foreign-exchange options contracts/forward
		Sensitivity Analysis	
Market Risk- Equity price risk	Investment in Equity Securities mutual funds and venture capital fund	Sensitivity Analysis	Portfolio Diversification
Credit Risk	Cash and Cash equivalents, loans given, trade receivables and investments	Ageing Analysis	Diversification of credit limits and letters of credit and Bank guarantee
		Credit Analysis	
Liquidity Risk	Borrowing, trade payables and other financial liabilities	Cash Flow forecasts	Availability of credit limits and borrowing facilities

**Market Risk**

Market risk is the risk that the 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 of 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.

Name of the instrument	Currency	March 31, 2020	March 31, 2019
Derivatives designated as hedge			
Interest rate swap *	USD	0.01	0.00

\* Amount is less than USD 0.01 Crore in March 31, 2019

0.5% changes in LIBOR will increase/ decrease the borrowing cost by ₹ 2.01 (Pre-tax)

0.5% changes in interest rate will increase/ decrease the borrowing cost by ₹ 0.36 (Pre-tax)

The Group has investment in Bank deposits and hence is exposed to interest rate sensitivity.

0.5% changes in interest rate will increase/decrease interest income by ₹ 0.14 .

**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 net investments in foreign subsidiaries.

When a derivative is entered into for the purpose of being a hedge, the Group 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.

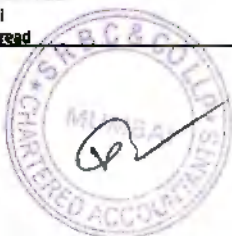
**Unhedged foreign currency exposures**

**a) Derivative outstanding as at the reporting date**

The Group has borrowings in foreign currency amounting to ₹ 70.04 (March 31, 2019: ₹ 214.42). Accordingly, in order to hedge the foreign currency risk on these borrowings, the Group has taken foreign exchange forward contracts, which are as follows:

Nominal value of forward contracts & option contracts that hedge monetary liabilities in foreign currencies, and for which no hedge accounting is applied, are recognised in the Statement of profit and loss.

Name of the instrument	Currency	March 31, 2020	March 31, 2019
Derivatives not designated as hedge			
Forward contract	USD	-	2.05
Seagull	USD	0.12	-
Call spread	USD	0.53	0.84





Unhedged foreign currency exposure as at the reporting date expressed in INR are as follows:

	March 31, 2020		March 31, 2019		
	USD	SEK	USD	EURO	SEK
Trade Receivable	135.51	-	114.44	5.05	-
Loans and other receivable	1.71	-	2.56	0.06	-
Cash and Cash equivalents	5.38	-	7.31	0.07	-
Borrowings	260.81	-	146.06	-	-
Capital Creditors	-	-	-	0.08	0.20
Trade Payables	85.31	0.16	59.46	0.11	-

1% increase or decrease in foreign exchange rates will have the following impact on profit before tax:

	March 31, 2020	March 31, 2019
USD	(2.04)	(0.81)
EURO	-	0.05
SEK*	(0.00)	(0.00)

\* Amount is less than SEK 0.01

#### 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, 2020	March 31, 2019
Investment in equity shares (quoted)	0.02	0.05
Investment in mutual funds	0.07	30.12

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 ₹ 0.00\* (March 31, 2019: ₹ 0.30). 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.

\* Amount is less than ₹ 0.01

#### 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.

**Loans:** The Group has given loans to subsidiaries and certain unrelated parties. However there is no counter party risk. (refer Note 5 for details)

**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, 2020	225.18	60.46	123.25	408.89
As at March 31, 2019	254.45	90.04	77.12	421.61

The following table summarizes the changes in the Provisions made for the receivables:

	March 31, 2020	March 31, 2019
Opening balance	22.57	31.63
Provided/(reversal) during the year	17.45	3.60
Utilisation of provisions	-	(11.73)
Currency translation difference	(1.45)	(0.93)
Closing balance	38.57	22.57

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.





Solar Industries India Limited

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**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
<b>As at March 31, 2020</b>						
<b>Borrowings</b>						
From Banks	116.00	139.30	140.68	226.08	-	672.06
From Others	-	-	3.81	-	-	3.81
Deferred Purchase Consideration (Gross)	-	2.01	4.56	34.36	-	40.93
Sales Tax Deferral Loan	-	0.13	-	0.23	-	0.36
Trade payables	0.04	104.61	49.74	0.04	-	154.43
Other financial liabilities (excluding derivatives and lease liabilities)	0.21	26.19	24.91	-	-	51.31
Derivative Instruments	-	-	-	0.62	-	0.62
Lease Liability(Gross)	-	1.36	3.96	6.39	24.96	36.67
<b>As at March 31, 2019</b>						
<b>Borrowings</b>						
From Banks	28.11	30.18	381.99	124.90	-	565.18
From Others	3.52	-	-	-	-	3.52
Deferred Purchase Consideration (Gross)	-	1.84	3.52	37.40	-	42.76
Sales Tax Deferral Loan	-	0.12	-	0.35	-	0.47
Trade payables	1.33	103.32	58.65	-	-	163.30
Other financial liabilities (excluding derivatives)	0.06	19.54	24.58	0.53	-	44.71
Derivative Instruments	-	1.25	5.11	-	-	6.36



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**Note 34: Capital Management**

For the purpose of the 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, 2020	March 31, 2019
Net debt	607.56	499.81
Equity	1,380.09	1,238.33
Capital and net debt	<b>1,987.65</b>	<b>1,738.14</b>
Net Gearing ratio	<b>30.57%</b>	<b>28.76%</b>

**Calculation of net debt is as follows:**

	March 31, 2020	March 31, 2019
<b>Borrowings</b>		
Non-Current	252.80	151.56
Current	357.37	312.92
Current maturities of long-term debt	97.96	138.92
	<b>708.13</b>	<b>603.40</b>
Cash and cash equivalents and Bank balance (excluding earmarked balances with banks and margin money)	100.55	73.51
Current Investments	0.02	30.08
	<b>100.57</b>	<b>103.59</b>
<b>Net Debt</b>	<b>607.56</b>	<b>499.81</b>

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 year ended March 31, 2020.



Note 35: Additional information, as required under schedule III to the companies act, 2013, of enterprises consolidated as subsidiaries/ associates/joint ventures

Name of the entity	Net Assets, i.e. total assets minus total liabilities		Share in profit or loss (Total comprehensive income)	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount
1	2	3	4	5
<b>(A) Solar Industries India Ltd.</b>	49.92%	1,021.38	84.01%	212.75
		<b>1,021.38</b>		<b>212.75</b>
<b>(B) Indian subsidiaries -</b>				
1. Economic Explosives Limited	22.16%	453.37	27.82%	70.46
2. Blastec (India) Private Limited	-0.08%	(1.60)	-1.75%	(4.43)
3. Emul Tek Private Limited	-0.03%	(0.58)	-0.20%	(0.50)
4. Solar Defence Limited*	0.00%	0.04	0.00%	(0.00)
5. Solar Defence Systems Limited*	0.00%	0.04	0.00%	(0.00)
		<b>451.27</b>		<b>65.53</b>
<b>(C) Overseas subsidiaries</b>				
1. Solar Mining Services Pty Limited, South Africa	0.73%	14.93	-22.08%	(55.91)
2. Nigachem Nigeria Limited	2.20%	45.08	3.21%	8.12
3. Solar Overseas Netherlands B.V.	2.96%	60.47	-1.72%	(4.36)
4. Solar Explochem Zambia Limited	3.06%	62.65	9.50%	24.05
5. Solar Patlayici Maddeler Sanayi Ve Ticaret Anonim Sirketi	3.39%	69.43	4.34%	10.98
6. P.T. Solar Mining Services	0.14%	2.85	0.00%	-
7. Solar Explochem (Ghana) Limited	0.00%	-	0.00%	-
8. PATSAM Patlayici Maddeler Sanayi Ve Ticaret Anonim Sirketi	0.00%	-	0.00%	-
9. Solar Nitro Ghana Limited	0.29%	5.87	0.05%	0.14
10. Solar Madencilik Hizmetleri A.S	0.21%	4.36	0.71%	1.80
11. Solar Overseas Netherlands Cooperative U.A	5.92%	121.07	-3.40%	(8.61)
12. Solar Overseas Singapore Pte Ltd	0.11%	2.16	-0.07%	(0.17)
13. Solar Industries Africa Limited	-0.06%	(1.22)	-0.36%	(0.90)
14. Solar Nitro Zimbabwe (Private) Limited	0.00%	-	0.00%	-
15. Solar Nitrochemicals Limited	0.29%	5.87	-0.07%	(0.19)
16. Solar Mining Services Pty Ltd, Australia	-1.06%	(21.65)	-5.57%	(14.11)
17. Solar Industrias Mozambique LDA	0.00%	-	0.00%	-
18. Solar Mining Services CI SARL, Ivory Coast*	0.00%	0.01	0.00%	(0.00)
19. Laghe Venture Company Limited	0.05%	0.92	0.09%	0.23
20. Solar Overseas Mauritius Limited (Standalone)	9.80%	200.47	5.49%	13.90
		<b>573.27</b>		<b>(25.03)</b>
<b>(D) Minority interests in all subsidiaries</b>	1.64%	33.58	2.64%	6.69
		<b>33.58</b>		<b>6.69</b>
<b>(F) Entities with Joint control or significant influence over the entity</b>				
Astra Resources Pty Ltd	-0.07%	(1.52)	-0.23%	(0.59)
		<b>(1.52)</b>		<b>(0.59)</b>

\* Amount is less than ₹ 0.01 in March 31, 2020





**Note 36. Revenue from operations:**

**a. Principal revenue generation activity**

The Group is engaged in the manufacturing of complete range of industrial explosives, explosive initiating devices and high energy materials for defence applications.

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

**b. Disaggregated Revenue information**

The Group is domiciled in India. The amount of its revenue from external customers broken down by location of the customers is shown in the table below:

	March 31, 2020	March 31, 2019
India	1,287.95	1,413.61
Outside India	877.48	975.76
<b>Total</b>	<b>2,165.43</b>	<b>2,389.37</b>

**c. Contract balances**

The timing of revenue recognition, billings and cash collection results in trade receivables, and billings in excess of costs and estimated earnings on uncompleted contracts (contract liabilities) on the balance sheet as at March 31, 2020.

The Group discloses receivables from contracts with customer separately in the balance sheet. To comply with the other disclosures requirements for contract assets and contract liabilities following information is disclosed.

	March 31, 2020	March 31, 2019
Trade Receivables	370.32	399.04
Contract Liabilities	21.31	18.57

**d. Reconciling the amount of revenue recognised in statement of profit and loss with the contracted price**

	March 31, 2020	March 31, 2019
Revenue as per contracted price	2,205.47	2,427.42
Adjustments for:		
Rebates, Discounts and powder factor	(40.04)	(38.05)
<b>Revenue from contract with customers</b>	<b>2,165.43</b>	<b>2,389.37</b>

**e. Transaction price allocated to the remaining performance obligations**

Remaining unsatisfied performance obligations represent the transaction price for goods and services for which the Group has a material right but work has not been performed. Transaction price of the order backlog includes the base transaction price, variable consideration and changes in transaction price. The transaction price of order backlog related to unfilled, confirmed customer orders is estimated at each reporting date. As of March 31, 2020, the aggregate amount of the transaction price allocated to order backlog was ₹ 1,337.90. The Group expects to recognise revenue within the range from 90% to 95% of the order backlog through 2020-21.



**Solar Industries India Limited**  
**Notes to Consolidated financial statements for the year ended March 31, 2020**  
**(All amounts in ₹ Crores, unless otherwise stated)**

**Note 37: Research & Development Expenditure**

	March 31, 2020	March 31, 2019
Revenue Expenditure	11.51	14.28
Capital Expenditure	2.32	5.40
<b>Total</b>	<b>13.83</b>	<b>19.68</b>

1. Capital Expenditure incurred on Research & Development is included in Property, Plant and Equipments and depreciation is provided on the same at the respective applicable rates.
2. Revenue expenditure incurred on Research & Development has been included in the respective account heads in the statement of profit and loss.

**Note 38 :** The outbreak of Coronavirus (COVID-19) pandemic globally and in India is causing significant disturbance and slowdown of economic activity. In many countries, businesses are being forced to cease or limit their operations for long or indefinite periods of time. Measures taken to contain the spread of the virus includes travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown.

COVID-19 is significantly impacting business operation of the companies in India. On 24th March 2020, the Government of India announced a nationwide lockdown for 21 days which got further extended multiple times to prevent community spread of COVID-19 resulting in significant reduction in economic activities.

The Group operates in various geographies; where the impact of the pandemic on account of such measures taken by the Government was not severe as at March 31, 2020. In some of the locations, the Group's products are classified as essential goods, where the respective locations have continued their operations. The Group has made an assessment of the impact of the pandemic on its operations and the carrying value of current and non-current assets, based on the internal and external sources of information and indicators of economic forecasts. Based on such assessment, the Group is confident of recovering the carrying value of these assets as at March 31, 2020.

The future impact of the global health pandemic may be different from that estimated as at the date of approval of these consolidated financial statements and the Group will continue to closely monitor any material changes to future economic conditions.

**Note 39 :** The financial statements were approved for issue by the Board of Directors on July 31, 2020

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: July 31, 2020

**For S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003



per Pramod Kumar Bapna  
Partner

Membership No. - 105497



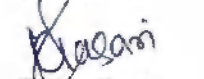
Place: Mumbai

Date: July 31, 2020

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



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



Khushboo Pasari  
Company Secretary  
Membership No. - F7347

Place: Nagpur

Date: July 31, 2020



Manish Nuwal  
Managing Director &  
CEO  
DIN: 00164388



Nilesh Panpaliya  
Chief Financial Officer

