

SOLAR MINING SERVICES (PTY) LTD
(Registration number 2015/025552/07)

Annual Financial Statements
for the year ended March 31, 2023

Solar Mining Services (Pty) Ltd

(Registration number: 2015/025552/07)

Trading as Solar Mining Services

Annual Financial Statements for the year ended March 31, 2023

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Mining explosives & accessories
Directors	D. Pillay S. Menon M. Deshmukh A. K. Srivastava
Registered office	Ground Floor, Bates House Tybalt Place Waterfall Office Park Midrand 1685
Holding company	Solar Overseas Netherlands Cooperatie U.A. incorporated in Netherlands
Auditors	Bismilla Chartered Accountants Inc. Chartered Accountants (SA) Registered Auditor
Secretary	Sekretari (Pty) Ltd
Company registration number	2015/025552/07
Tax reference number	9222408222
Level of assurance	These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.
Preparer	The annual financial statements were independently compiled by: Bismilla Chartered Accountants Inc. Chartered Accountants (S.A.)

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Annual Financial Statements for the year ended March 31, 2023

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Directors' Responsibilities and Approval

The directors are required by the Companies Act 71 of 2008, to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company as at the end of the financial reporting period and the results of its operations and cash flows for the period then ended, in conformity with the International Financial Reporting Standard for Small and Medium-sized Entities. The external auditor's is engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

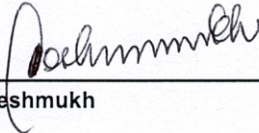
The directors have reviewed the company's cash flow forecast for the year to March 31, 2024 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor's are responsible for independently auditing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditor's and their report is presented on page 4.

The annual financial statements set out on pages 7 to 25, which have been prepared on the going concern basis, were approved by the board on April 28, 2023 and were signed on its behalf by:



D. Pillay



M. Deshmukh



S. Menon



A. K. Srivastava



Bismilla
CHARTERED ACCOUNTANTS INC.

Reg No.: 1998/07534/21

REGISTERED AUDITORS

Members No.: ME 162698

Physical Address:
83 Central street
Houghton
2198

Correspondence:
P O Box 2586
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2041

Tel:
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Email:
reception@bismilla.co.za

Website:
www.bismilla.co.za

A BISMILLA
Bcompt. Bcompt. (Hons.) C.A. (S.A)
C.A. (Aus)
A LOONAT
Bcompt. Bcompt. (Hons.) C.A. (S.A)

Independent Auditor's Report

To the shareholders of Solar Mining Services (Pty) Ltd

Opinion

We have audited the annual financial statements of Solar Mining Services (Pty) Ltd set out on pages 9 to 23, which comprise the statement of financial position as at March 31, 2023, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Solar Mining Services (Pty) Ltd as at March 31, 2023, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act 71 of 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the annual financial statements section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of annual financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Going concern

We draw attention to note 22 in the annual financial statements, which indicates that the company incurred a net loss of R 75,748,541 during the year ended March 31, 2023 and, as of that date, the company's current liabilities exceeded its current assets by R40,182,740. As stated in note 22, these events or conditions, along with other matters as set forth in note 22, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern if the holding / ultimate holding company withdraws its financial support. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the Directors' Report as required by the Companies Act 71 of 2008, which we obtained prior to the date of this report. Other information does not include the annual financial statements and our auditor's report thereon.

Our opinion on the annual financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual 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.



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Independent Auditor's Report

Responsibilities of the directors for the Annual Financial Statements

The directors are responsible for the preparation and fair presentation of the annual financial statements in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act 71 of 2008, and for such internal control as the directors determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the directors are 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 International Standards on Auditing 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 annual financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual 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, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 auditor's report to the related disclosures in the annual 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 auditor's 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 annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors 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.



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Independent Auditor's Report

Bismilla CA Loonat

Bismilla Chartered Accountants Inc.
Afzal Loonat
Partner
Chartered Accountants (SA)
Registered Auditors

May 29, 2023
Johannesburg

Solar Mining Services (Pty) Ltd

(Registration number: 2015/025552/07)

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Annual Financial Statements for the year ended March 31, 2023

Directors' Report

The directors have pleasure in submitting their report on the annual financial statements of Solar Mining Services (Pty) Ltd for the year ended March 31, 2023.

1. Incorporation

The company was incorporated on February 9, 2015 and obtained its certificate to commence business on the same day.

2. Nature of business

Solar Mining Services (Pty) Ltd was incorporated in South Africa with interests in the Mining industry. The company operates primarily in South Africa.

3. Review of financial results and activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act 71 of 2008. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the company are set out in these annual financial statements.

4. Share capital

				2023	2022
Authorised					
No Par value shares				Number of shares	Number of shares
				600,000,000	600,000,000
	2023	2022	Balance brought forward	2023	2022
Issued	R	R	R	Number of shares	Number of shares
No Par value shares	124,321,878	95,850,003	246,132,413	466,304,294	341,982,416

Refer to note 8 of the annual financial statements for detail of the movement in authorised and issued share capital.

5. Dividends

The company's dividend policy is to consider an interim and a final dividend in respect of each financial year. At its discretion, the board may consider a special dividend, where appropriate. Depending on the perceived need to retain funds for expansion or operating purposes, the board may pass on the payment of dividends.

The company's dividend policy prohibits the declaration and payment of dividends or distributions if the company's liabilities exceed its assets, or if the company cannot meet its obligations as they fall due, in the normal course of business.

6. Directors

The directors in office at the date of this report are as follows:

Directors	Nationality
D. Pillay	South African
S. Menon	Indian
M. Deshmukh	Indian
A. K. Srivastava	Indian

There have been no changes to the directorate for the period under review.

7. Directors interests in shares

As at March 31, 2023, the directors of the company held indirect beneficial interests of 12.57% (2022: 17.14%) of its issued ordinary shares.



Solar Mining Services (Pty) Ltd

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Trading as Solar Mining Services

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Directors' Report

8. Holding company

The company's holding company is Solar Overseas Netherlands Cooperatie U.A. which holds 87.43% (2022: 82.86%) of the company's equity. Solar Overseas Netherlands Cooperatie U.A. is incorporated in Netherlands.

9. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

10. Going concern

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

11. Auditors

Bismilla Chartered Accountants Inc. continued in office as auditors for the company for 2023.

12. Secretary

The company secretary is Sekretari (Pty) Ltd.

Postal address

P.O. Box 14195
Lyttelton
0140



Solar Mining Services (Pty) Ltd

(Registration number: 2015/025552/07)

Trading as Solar Mining Services

Annual Financial Statements for the year ended March 31, 2023

Statement of Financial Position as at March 31, 2023

	Note(s)	2023 R	2022 R
Assets			
Non-Current Assets			
Property, plant and equipment	2	281,785,927	298,392,270
Other financial assets		4,784,916	-
Right of Use asset		4,839,653	5,358,232
Deferred tax	4	156,223,563	128,380,658
Deposits		-	738,214
		447,634,059	432,869,374
Current Assets			
Inventories	6	130,162,195	105,898,416
Trade and other receivables	5	206,799,676	91,050,442
Current tax receivable	10	449,547	217,398
Cash and cash equivalents	7	500,199	1,102,796
		337,911,617	198,269,052
Total Assets		785,545,676	631,138,426
Equity and Liabilities			
Equity			
Share capital	8	466,304,294	341,982,416
Reserves		6,072,470	-
Accumulated loss		(422,200,504)	(346,451,963)
		50,176,260	(4,469,547)
Liabilities			
Non-Current Liabilities			
Loans from shareholders	3	339,263,451	205,767,960
Lease liability		3,011,608	2,338,691
Long term loan	12	15,000,000	35,125,914
		357,275,059	243,232,565
Current Liabilities			
Trade and other payables	9	259,609,742	249,819,388
Lease liability		1,897,924	3,331,240
Bank overdraft	7	-	39,728,438
Working capital facility	11	53,453,811	60,000,000
Long term loan	12	63,132,880	39,496,342
		378,094,357	392,375,408
Total Liabilities		735,369,416	635,607,973
Total Equity and Liabilities		785,545,676	631,138,426



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Annual Financial Statements for the year ended March 31, 2023

Statement of Comprehensive Income

	Note(s)	2023 R	2022 R
Revenue	13	708,839,036	374,446,040
Cost of sales	14	(564,497,695)	(312,625,524)
Gross profit		144,341,341	61,820,516
Other income	15	5,643,112	3,488,763
Operating expenses		(215,664,148)	(136,593,251)
Operating loss		(65,679,695)	(71,283,972)
Investment revenue	16	857,737	251,669
Finance costs	17	(38,769,489)	(27,044,119)
Loss before taxation		(103,591,447)	(98,076,422)
Taxation	18	27,842,906	22,729,278
Loss for the year		(75,748,541)	(75,347,144)



Solar Mining Services (Pty) Ltd

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Trading as Solar Mining Services

Annual Financial Statements for the year ended March 31, 2023

Statement of Changes in Equity

	Share capital	Reserves	Accumulated loss	Total equity
	R	R	R	R
Balance at April 1, 2021	246,132,413	-	(271,104,819)	(24,972,406)
Loss for the year	-	-	(75,347,144)	(75,347,144)
Issue of shares	95,850,003	-	-	95,850,003
Total changes	95,850,003	-	-	95,850,003
Balance at April 1, 2022	341,982,416	-	(346,451,963)	(4,469,547)
Loss for the year	-	-	(75,748,541)	(75,748,541)
Issue of shares	124,321,878	6,072,470	-	130,394,348
Total changes	124,321,878	6,072,470	-	130,394,348
Balance at March 31, 2023	466,304,294	6,072,470	(422,200,504)	50,176,260
Note(s)	8			

Solar Mining Services (Pty) Ltd

(Registration number: 2015/025552/07)

Trading as Solar Mining Services

Annual Financial Statements for the year ended March 31, 2023

Statement of Cash Flows

	Note(s)	2023 R	2022 R
Cash flows from operating activities			
Cash used in operations	20	(173,715,829)	(26,120,825)
Interest income		857,737	251,669
Finance costs		-	(14,498,441)
Tax paid		-	(217,398)
Net cash from operating activities		(172,858,092)	(40,584,995)
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(6,141,393)	(24,095,640)
Sale of property, plant and equipment	2	-	3,319,845
Net cash from investing activities		(6,141,393)	(20,775,795)
Cash flows from financing activities			
Proceeds on share issue	8	130,394,348	95,850,003
Losses from foreign exchange		-	(428,308)
Net proceeds from borrowings		82,094,950	-
Payment of long term liability		-	(16,192,266)
Proceeds from shareholders loan		-	185,125
Lease payments		(3,959,458)	-
Finance costs		(30,132,953)	(12,545,678)
Net cash from financing activities		178,396,887	66,868,876
Total cash movement for the year		(602,598)	5,508,086
Cash at the beginning of the year		1,102,796	(44,133,728)
Total cash at end of the year	7	500,198	(38,625,642)

Solar Mining Services (Pty) Ltd

(Registration number: 2015/025552/07)

Trading as Solar Mining Services

Annual Financial Statements for the year ended March 31, 2023

Accounting Policies

1. Presentation of annual financial statements

The annual financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Companies Act 71 of 2008. The annual financial statements have been prepared on the historical cost basis, except for biological assets at fair value less point of sale costs, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period, with the exception of pre-production expenses, which were previously recognised as accounts receivable. These have been subsequently recognised as property, plant and equipment.

1.1 Property, plant and equipment

Property, plant and equipment is carried at cost less accumulated depreciation and accumulated impairment losses.

Cost include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Depreciation is provided using the straight-line method to write down the cost, less estimated residual value over the useful life of the property, plant and equipment as follows:

Item	Depreciation method	Average useful life
Factory Buildings	Straight line	20 years
Plant and machinery	Straight line	10 years
Furniture and fixtures	Straight line	10 years
Motor vehicles	Straight line	5 years
Office equipment	Straight line	5 years
IT equipment	Straight line	3 years
Computer software	Straight line	2 years
Leasehold improvements	Straight line	20 years

If the major components of an item of property, plant and equipment have significantly different patterns of consumption of economic benefits, the cost of the asset is allocated to its major components and each such component is depreciated separately over its useful life.

Land is not depreciated

The residual value, depreciation method and useful life of each asset are reviewed only where there is an indication that there has been a significant change from the previous estimate.

Gains and losses on disposals are recognised in profit or loss.

1.2 Financial instruments

Initial measurement

Financial instruments are initially measured at the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through profit or loss) unless the arrangement constitutes, in effect, a financing transaction in which case it is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Solar Mining Services (Pty) Ltd

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Annual Financial Statements for the year ended March 31, 2023

Accounting Policies

1.2 Financial instruments (continued)

Financial instruments at amortised cost

These include loans, trade receivables and trade payables. Those debt instruments which meet the criteria in section 11.8(b) of the standard, are subsequently measured at amortised cost using the effective interest method. Debt instruments which are classified as current assets or current liabilities are measured at the undiscounted amount of the cash expected to be received or paid, unless the arrangement effectively constitutes a financing transaction.

At each reporting date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If there is objective evidence, the recoverable amount is estimated and compared with the carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

1.3 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Deferred tax assets and liabilities

A deferred tax asset is recognised for all deductible temporary differences and for the carry forward of unused tax losses and unused tax credits.

Tax expenses

Tax expense is recognised in the same component of total comprehensive income or equity as the transaction or other event that resulted in the tax expense.

No tax expense is recognised where the company has no taxable income, or where the company's assessed tax losses brought forward exceed its taxable income for a reporting period.

1.4 Leases

The company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4.

The company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental rate of borrowing.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or a rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Solar Mining Services (Pty) Ltd

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Annual Financial Statements for the year ended March 31, 2023

Accounting Policies

1.5 Inventories

Inventories are measured at the lower of cost and estimated selling price less costs to complete and sell, on the weighted average cost basis.

1.6 Construction contracts and receivables

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

1.7 Impairment of assets

The company assesses at each reporting date whether there is any indication that property, plant and equipment may be impaired.

If there is any such indication, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of assets) in prior years. A reversal of impairment is recognised immediately in profit or loss.

1.8 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

If the company reacquires its own equity instruments, those instruments are deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the company's own equity instruments. Consideration paid or received shall be recognised directly in equity.

1.9 Provisions, contingencies and commitments

Provisions are recognised when the company has an obligation at the reporting date as a result of a past event; it is probable that the company will be required to transfer economic benefits in settlement; and the amount of the obligation can be estimated reliably.

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

Provisions are not recognised for future operating losses.

Contingent assets, contingent liabilities and commitments are not recognised on the face of the financial statements. Material contingencies and commitments warrant qualitative disclosures. Expenditure incurred with regards to commitments are recognised in terms of their economic substance.

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Annual Financial Statements for the year ended March 31, 2023

Accounting Policies

1.10 Revenue

Revenue is recognised to the extent that the company has transferred the significant risks and rewards of ownership of goods to the buyer, or has rendered services under an agreement provided the amount of revenue can be measured reliably and it is probable that economic benefits associated with the transaction will flow to the company. Revenue is measured at the fair value of the consideration received or receivable, excluding sales taxes and discounts.

Interest is recognised, in profit or loss, using the effective interest rate method.

1.11 Borrowing costs

Borrowing costs are generally recognised as an expense in the period in which they are incurred.

Borrowing costs associated directly with the development of capital work-in-progress are capitalised to the cost of the asset in question and amortised over its useful life once the asset is brought in to use.

1.12 Foreign exchange

Foreign currency transactions

Exchange differences arising on monetary items are recognised in profit or loss in the period in which they arise.

1.13 Capitalised expenditure

Capitalised expenditure is recognised against the asset to which is directly attributable to, and amortised or depreciated accordingly. Capitalised expenditure is measured at the actual amount incurred or expended during the period. Capitalised expenditure is limited to those expenses directly associated with the construction of an asset, or the costs of bringing an asset in to use.

Solar Mining Services (Pty) Ltd

(Registration number: 2015/025552/07)

Trading as Solar Mining Services

Annual Financial Statements for the year ended March 31, 2023

Notes to the Annual Financial Statements

	2023			2022		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Land	5,779,333	-	5,779,333	5,779,333	-	5,779,333
Factory Buildings	262,913,840	(49,563,635)	213,350,205	248,943,113	(37,205,841)	211,737,272
Plant and machinery	75,993,052	(32,628,408)	43,364,644	72,037,947	(25,796,395)	46,241,552
Motor vehicles	20,983,549	(13,762,775)	7,220,774	19,438,569	(10,827,741)	8,610,828
Office equipment	3,642,240	(2,831,396)	810,844	3,197,860	(2,468,633)	729,227
IT equipment	3,694,612	(3,063,951)	630,661	3,372,166	(2,803,821)	568,345
Capital work in progress	10,629,466	-	10,629,466	24,725,713	-	24,725,713
Total	383,636,092	(101,850,165)	281,785,927	377,494,701	(79,102,431)	298,392,270

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Transfer	Depreciation	Total
Land	5,779,333	-	-	-	-	5,779,333
Factory Buildings	211,737,272	14,510,727	(540,000)	-	(12,357,794)	213,350,205
Plant and machinery	46,241,552	3,955,104	-	-	(6,832,012)	43,364,644
Motor vehicles	8,610,828	1,544,980	-	-	(2,935,034)	7,220,774
Office equipment	729,227	444,381	-	-	(362,764)	810,844
IT equipment	568,345	322,446	-	-	(260,130)	630,661
Capital work in progress	24,725,713	-	-	(14,096,247)	-	10,629,466
	298,392,270	20,777,638	(540,000)	(14,096,247)	(22,747,734)	281,785,927

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Disposals	Depreciation	Total
Land	5,779,333	-	-	-	5,779,333
Factory Buildings	215,513,580	8,232,813	(146,102)	(11,863,019)	211,737,272
Plant and machinery	47,740,081	7,905,412	(2,978,695)	(6,425,246)	46,241,552
Motor vehicles	9,641,502	3,160,083	(195,048)	(3,995,709)	8,610,828
Office equipment	1,486,023	105,577	-	(862,373)	729,227
IT equipment	651,417	283,855	-	(366,927)	568,345
Capital work in progress	20,317,813	4,407,900	-	-	24,725,713
	301,129,749	24,095,640	(3,319,845)	(23,513,274)	298,392,270

Details of immovable property

Land

Land consists of ERF 11066 situated in Middelburg Ext. 33, Mpumalanga Province.

- Purchase price:

5,779,333 5,779,333

Registers with details of land and buildings and capital work-in-progress are available for inspection by shareholders or their duly authorised representatives at the registered office of the company. The property and certain moveable assets are encumbered in terms of note 11 & 12.



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Annual Financial Statements for the year ended March 31, 2023

Notes to the Annual Financial Statements

	2023 R	2022 R
3. Loans from shareholders		
Solar Overseas Mauritius Limited (indirect shareholder) This loan is unsecured, bears interest at 3 Month LIBOR +5%, and is repayable by mutual consent between the relevant parties.	339,263,451	205,767,960
4. Deferred tax		
Deferred tax asset		
Tax losses avail for set off against future taxable income	156,223,563	128,380,658
Reconciliation of deferred tax asset \ (liability)		
At beginning of year	128,380,658	105,651,380
Increases in tax loss available for set off against future taxable income	27,842,905	22,740,503
Taxable temporary difference movement on right-of-use asset	-	115,448
(Deductible) temporary difference on lease liability	-	(126,673)
	156,223,563	128,380,658
Use and sales rate		
The company has early adopted the use of 27% in line with the promulgations released by the tax authorities indicating a change of tax rate from 28% to 27% effective for years ending on or after 31 March 2023.		
The decision to calculate the deferred tax on 27% is based on the future utilisation of the deferred tax asset, which would be utilised at 27%.		
5. Trade and other receivables		
Trade receivables	138,786,562	50,615,421
VAT	40,401,053	31,889,193
Prepaid expenses	3,679,034	4,722,528
Advances to suppliers	23,933,027	3,105,000
Sundry receivables	-	718,300
	206,799,676	91,050,442
6. Inventories		
Raw materials, components	52,801,145	45,016,501
Finished goods	49,491,628	58,561,915
Inventory in transit	27,869,422	2,320,000
	130,162,195	105,898,416

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Annual Financial Statements for the year ended March 31, 2023

Notes to the Annual Financial Statements

	2023 R	2022 R
7. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	-	269,163
Bank balances	500,199	833,633
Bank overdraft	-	(39,728,438)
	500,199	(38,625,642)
Current assets	500,199	269,163
Current liabilities	-	(38,894,805)
	500,199	(38,625,642)

Bank overdraft facility is provided by Rand Merchant Bank. The facility is guaranteed by Solar Industries India Ltd to the amount of R 120,000,000 plus such further amounts for interest, costs, fees and/or such other monies as may be provided for in the guarantee, as well as, by a letter of comfort from Solar Industries India Ltd.

8. Share capital

Authorised

600,000,000 No par value shares	600,000,000	600,000,000
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The authorised share capital was increased during the current financial year after the passing of a special resolution by the shareholders in terms of section 60 of The Companies Act.

Reconciliation of number of shares issued:

Reported as at 01 April	341,982,416	246,132,413
Issue of shares	124,321,878	95,850,003
	466,304,294	341,982,416

Issued

No par value shares	466,304,294	341,982,416
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9. Trade and other payables

Trade payables	56,423,663	14,592,161
Amounts received in advance	4,413,118	10,267,212
Other provisions	-	3,011,947
Accrued leave pay	1,845,479	1,917,061
Interest accrued	-	172,547
Accrued payroll expenses	2,173,554	2,262,295
Amounts due to related parties	194,753,928	217,596,165
	259,609,742	249,819,388

10. Current tax payable (receivable)

No current tax liability exists at reporting date as the company incurred a taxable loss for the year.

Tax receivable arose as a result of withholding taxes paid.

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Notes to the Annual Financial Statements

	2023 R	2022 R
11. Working capital facility		
Working capital facility	53,453,811	60,000,000
The facility bears interest at the South African Prime lending rate, compounded monthly and payable monthly in arrears.		
12. Long term loan		
ICICI Bank and SOML		
Non-current liabilities	15,000,000	35,125,914
Current liabilities	63,132,880	39,496,342
	78,132,880	74,622,256
The ICICI Bank loan is secured by a General Notarial Bond (GNB) over movable assets, a Special Notarial Bond (SNB) over specified movable assets and a Mortgage Bond over certain immovable property of the entity. The loan bears interest at differing rates for the non-current and current portions respectively.		
Current liabilities are made up of current maturities of long term debt as follows:		
<ul style="list-style-type: none">• ICICI Bank - R 15,169,954• SOML - R 47,962,926		
13. Revenue		
Sale of goods	708,839,036	374,446,040
14. Cost of sales		
Cost of goods sold	564,497,695	312,625,524
15. Other income		
Other income	5,643,112	3,488,763
16. Investment revenue		
Interest revenue		
Bank	857,737	251,669
17. Finance costs		
Shareholders	20,835,159	9,716,580
Leases	529,852	620,642
Bank	14,221,612	14,498,441
Other interest paid	3,182,866	2,208,456
	38,769,489	27,044,119

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Annual Financial Statements for the year ended March 31, 2023

Notes to the Annual Financial Statements

	2023 R	2022 R
18. Taxation		
Major components of the tax income		
Deferred		
Current period	(27,842,906)	(22,729,278)
No provision has been made for 2023 tax as the company has no taxable income.		
19. Auditor's remuneration		
Fees	63,500	71,750
20. Cash used in operations		
Loss before taxation	(103,591,447)	(98,076,422)
Adjustments for:		
Depreciation and amortisation	26,465,373	23,513,269
Loss on foreign exchange	-	428,308
Interest received	(857,737)	(251,669)
Finance costs	38,769,490	27,044,119
Movements in operating lease assets and accruals	-	(28,967)
Provision for doubtful debts	660,567	-
Changes in working capital:		
Inventories	(24,263,779)	(14,251,337)
Trade and other receivables	(116,409,801)	(35,719)
Deposits	-	(68,610)
Other assets	(4,278,849)	-
Employee benefit obligations	(71,583)	-
Trade and other payables	9,861,937	35,606,203
	(173,715,829)	(26,120,825)



Solar Mining Services (Pty) Ltd

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Trading as Solar Mining Services

Annual Financial Statements for the year ended March 31, 2023

Notes to the Annual Financial Statements

	2023 R	2022 R
21. Related parties		
Relationships		
Holding company	Solar Overseas Netherlands Cooperatie U.A.	
Shareholder of holding company	Solar Overseas Mauritius Limited	
Related party balances and transactions with entities with control, joint control or significant influence over the company		
Related party balances		
Loan accounts - Owing (to) by related parties		
Solar Overseas Mauritius Limited.	(387,226,376)	(205,767,960)
Amounts included in Trade receivable (Trade Payable) regarding related parties		
Solar Industries India Limited	(160,154,037)	(178,408,110)
Economic Explosive (Nagpur)	(23,342,677)	(17,362,455)
Solar Explochem Zambia Limited	(3,052,076)	(12,686,441)
Solar Overseas Mauritius Limited	(11,181,956)	(9,139,159)
Solar Overseas Mauritius Limited	21,864	17,870
Solar Nitro Ghana	-	796,785
Nigachem Nigeria Limited	-	911,947
Other current assets (liabilities) regarding related parties		
Economic Explosive (Nagpur)	-	718,300
Amounts received in advance from related parties		
Solar Explochem Zambia Limited	-	7,107,874
Related party transactions		
Interest paid to (received from) related parties		
Solar Overseas Mauritius Limited	20,835,159	9,716,580
Purchases from (sales to) related parties		
Solar Industries India Limited	188,977,626	110,901,439
Economic Explosive (Nagpur)	32,953,922	15,078,961
Solar Explochem Zambia Limited	144,591	14,496,126
Solar Explochem Zambia Limited	(78,239,150)	(76,536,541)
Solar Overseas Mauritius Limited	-	18,646,058
Solar Overseas Mauritius Limited	-	(5,676,339)
Solar Nitro Ghana Limited	-	(33,694,144)
Solar Nitro Chemicals Limited	(44,413)	(23,773)
Solar Nitro Chemicals Limited	1,602,677	-
Nigachem Nigeria Ltd	(3,813,265)	-
Other transactions paid to (received from) related parties		
Solar Industries India Limited [CG charges & Insurance]	1,756,711	1,906,533
Solar Nitro Chemicals Limited [Other Income]	(143,072)	-
Solar Nitro Chemicals Limited [Sale of asset]	(597,591)	-
Laghe Ventures Co Limited [Other Income]	-	(2,649,233)
Solar Nitro Ghana Limited [Other Income]	(2,706,466)	(1,866,070)
Solar Explochem Zambia Limited [Other Income]	(299,978)	(177,995)
Economic Explosives Limited [Demurage recovery]	(37,630)	-

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Trading as Solar Mining Services

Annual Financial Statements for the year ended March 31, 2023

Notes to the Annual Financial Statements

2023	2022
R	R

22. Going concern

We draw attention to the fact that at March 31, 2023, the company had accumulated losses of R 422,200,504.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The company has financial support from the holding / ultimate holding company.

Solar Mining Services (Pty) Ltd

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Trading as Solar Mining Services

Annual Financial Statements for the year ended March 31, 2023

Detailed Income Statement

	Note(s)	2023 R	2022 R
Revenue			
Sale of goods		708,839,036	374,446,040
Cost of sales	14	(564,497,695)	(312,625,524)
Gross profit		144,341,341	61,820,516
Other income			
Other income		5,643,112	3,488,763
Interest received	16	857,737	251,669
		6,500,849	3,740,432
Expenses (Refer to page 25)		(215,664,148)	(136,593,251)
Operating loss		(64,821,958)	(71,032,303)
Finance costs	17	(38,769,489)	(27,044,119)
Loss before taxation		(103,591,447)	(98,076,422)
Taxation	18	27,842,906	22,729,278
Loss for the year		(75,748,541)	(75,347,144)



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Trading as Solar Mining Services

Annual Financial Statements for the year ended March 31, 2023

Detailed Income Statement

	Note(s)	2023 R	2022 R
Operating expenses			
Advertising		(1,186,633)	(602,016)
Auditors remuneration	19	(63,500)	(71,750)
Bad debts		(660,567)	(2,128,035)
Bank charges		(131,479)	(126,909)
Blast equipment hire		(968,722)	(503,492)
Commission paid		(1,593,650)	-
Conveyance costs		(2,312,045)	(1,086,831)
Depreciation		(22,747,735)	(23,514,938)
Depreciation: Right-of-Use asset		(3,717,638)	(3,724,779)
Employee costs		(69,624,619)	(60,076,683)
Environmental management		16,071	(29,453)
Factory expenses		(1,530,666)	(516,530)
IT expenses		(818,100)	(577,624)
Insurance		(3,179,594)	(2,523,295)
Lease rentals on operating lease		(1,863,565)	(4,835,425)
Legal expenses		(468,866)	(666,296)
Loss on exchange differences		(54,111,908)	(428,308)
Miscellaneous sales expenses		(613,837)	(2,742,458)
Motor vehicle expenses		(14,908,105)	(9,294,125)
Municipal expenses		(5,270)	(1,197,947)
Other consulting and professional fees		(3,060,105)	(6,048,409)
Other expenses		(715,199)	(613,710)
Printing and stationery		(419,179)	(219,066)
Protective clothing		(399,409)	(438,654)
Repairs and maintenance		(2,408,157)	(2,547,869)
Security		(5,628,189)	(5,095,977)
Staff welfare		(415,291)	(406,042)
Subscriptions		(56,009)	(11,894)
Telephone and fax		(745,203)	(755,359)
Training		(617,167)	(571,150)
Transport and freight		(17,704,018)	(2,320,243)
Travel - local		(3,005,794)	(2,917,984)
		(215,664,148)	(136,593,251)

