

Notice

NOTICE is hereby given that the Fifteenth Annual General Meeting of the Shareholders of Solar Industries India Limited, Nagpur, will be held on Monday the 23rd day of August, 2010 at 11.30 am at Royal Court Hall, Hotel Tuli International, Residency Road, Sadar Nagpur, Maharashtra – 440 001, to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the Audited Balance Sheet as at 31st March, 2010, the Profit and Loss Account for the year ended on that date and the Report of the Board of Directors and Auditors thereon.
2. To declare dividend on Equity Shares for the year ended 31st March, 2010.
3. To appoint a Director in the place of Shri Satyanarayan Nuwal, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of Shri Roomie Dara Vakil, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in the place of Shri Satish Chander Gupta, who retires by rotation and being eligible offers himself for re-appointment.
6. To appoint a Director in the place of Shri Dilip Patel, who retires by rotation and being eligible offers himself for re-appointment.
7. To appoint Auditors and to fix their remuneration and in this regard to consider and if thought fit to pass with or without modification(s) the following resolution as an Ordinary Resolution:

“RESOLVED THAT M/s. Gandhi Rathi & Co., Chartered Accountants be and hereby appointed as Auditors of the Company, to hold office from this Annual General Meeting to the conclusion of the next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors.”

SPECIAL BUSINESS:

8. To consider and if thought fit, to pass with or without

modifications the following resolution as an Ordinary Resolution.

“RESOLVED THAT Mr. Ajai Nigam, who was appointed as an Additional Director by the Board of Directors pursuant to Section 260 of the Companies Act, 1956 and who holds office upto the date of this Annual General Meeting and in respect of whom the company has received a notice under Section 257 of the Companies Act, 1956 in writing proposing his candidature for the office of Director, be and is hereby appointed as director of the Company.”

By Order of the Board of Directors

(Khushboo A. Pasari)
Company Secretary

Registered office:

11, Zade Layout, Bharat Nagar
Nagpur, 440 033

Place : Nagpur

Date : 24.05.2010

NOTES:

1. A member entitled to attend and vote at the Annual General Meeting to be held on 23rd August, 2010 may appoint one or more proxies to attend and vote instead of himself and a proxy need not be a member of the Company. Proxies, in order to be effective, should be complete, stamped and signed and must be deposited at the registered office of the Company not less than 48 hours before the commencement of the Meeting.
2. Explanatory statement setting out all material facts concerning the aforesaid special business contained in item no. 8 as required under section 173(2) of the Companies Act, 1956 is annexed hereto.
3. The Register of Members and Share Transfer books of the Company will remain closed from 13th August, 2010 to 23rd August, 2010 (both days inclusive) for determining the names of members eligible for dividend on equity shares if declared at the Annual General Meeting.



4. Members holding shares in physical form are requested to intimate immediately to the Registrar & Share Transfer Agent of the Company, M/s Link Intime India Private Limited, C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (W), Mumbai 400 078, quoting Registered folio number, details of their Bank Account/Change in Bank Account, if any to enable the Company to print these details on the Dividend warrants, and change in their address, if any, with Pin Code Number.

Members holding shares in electronic form shall address communication to their respective Depository Participants only.

5. The payment of Dividend, upon declaration by the shareholders at the forth coming Annual General Meeting, will be made on or after 28th August, 2010 as under:
- To all those beneficial owner(s) holding shares in electronic form as per the beneficial ownership data as may be made available to the Company by National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) as of the end of the day on 12th August, 2010.
 - To all those shareholders holding shares in physical form after giving effect to all the valid share transfers lodged with the Company before the closing hours on 12th August, 2010.

By Order of the Board of Directors

(Khushboo A. Pasari)
Company Secretary

Registered office:

11, Zade Layout, Bharat Nagar
Nagpur, 440 033

Place : Nagpur

Date : 24.05.2010

EXPLANATORY STATEMENT

(Under section 173(2) of the Companies Act, 1956)

Item # 3, 4, 5, 6

Details of Directors seeking re-appointment at the 15th Annual General Meeting

As regards re-appointments of retiring directors Viz Shri Satyanarayan Nuwal, Shri Roomie Dara Vakil, Shri Satish Chander Gupta, Shri Dilip Patel, referred to in item Nos 3, 4, 5, & 6 of the notice, brief resumes of these Directors, nature of their expertise in specific functional areas names of Companies in which they hold directorships/chairmanships of Board Committees their shareholding and relationships between directors inter-se as stipulated under clause 49 of the Listing Agreement with the Stock Exchanges are provided under the heading "Corporate Governance", which forms part of the Annual Report. The Board of Directors commends their respective re-appointments.

Item # 8

Details of Directors seeking appointment at the 15th Annual General Meeting

Mr. Ajai Nigam was appointed as Non Executive Independent Additional Director of the Company on October 27, 2009. In terms of section 260 of the Companies act, 1956, Mr. Ajai Nigam holds the office upto the date of the ensuing Annual General Meeting. Accordingly the resolution at item No.8 of the notice is being proposed for his appointment as Director of the Company.

By Order of the Board of Directors

(Khushboo A. Pasari)
Company Secretary

Registered office:

11, Zade Layout, Bharat Nagar
Nagpur, 440 033

Place : Nagpur

Date : 24.05.2010

Director's Report

To,

The Members;

Solar Industries India Limited;

We take pleasure in presenting Fifteenth Annual Report of the Company together with the Annual Accounts (Standalone & Consolidated) for the year ended 31st March, 2010.

Performance Highlights (Standalone):

(Rs. in lacs)

PARTICULARS	2010	2009
Turnover	50185.51	45631.44
Profit Before Interest, Depreciation And Taxation	6851.12	6529.51
Less : Depreciation	632.00	489.39
Profit Before Interest And Taxation	6219.12	6040.12
Less : Interest	1300.04	2303.02
Profit Before Tax	4919.07	3737.10
Less Provision For Taxation	1792.55	1216.64
Net Profit After Tax	3126.52	2520.46
Balance Brought Forward	2805.74	2197.34
Balance Available For Appropriation	5932.26	4717.80
Appropriation:		
Interim Dividend	606.33	0.00
Proposed Dividend	606.33	779.59
Tax On Dividend	206.10	132.49
General Reserve	1000.00	1000.00
Balance Profit Carried To Balance Sheet	3513.50	2805.73
Earning Per Share (Eps)	18.05	14.55

Performance Highlights (Consolidated):

(Rs. in lacs)

PARTICULARS	2010	2009
Turnover	59019.31	53037.94
Profit Before Interest, Depreciation And Taxation	11199.78	9573.33
Less : Depreciation	784.96	621.84
Profit Before Interest And Taxation	10414.82	8951.49
Less : Interest	1335.98	2348.49
Profit Before Tax	9078.84	6603.00
Less Provision For Taxation	3219.47	2189.37
Net Profit After Tax	5859.37	4413.63
Balance Brought Forward	6017.12	4515.55
Balance Available For Appropriation	11876.49	8929.18
Appropriation:		
Interim Dividend	606.33	0.00
Proposed Dividend	606.33	779.57
Tax On Dividend	206.09	132.49
General Reserve	2000.00	2000.00
Balance Profit Carried To Balance Sheet	8457.74	6017.12
Earning Per Share(Eps)	33.82	25.48

RESULTS OF OPERATIONS:

Total revenue of your Company rose by 11.28% from Rs. 53037.94 Lacs in FY 2008-2009 to Rs. 59019.31 Lacs in FY 2009-2010. The Profit Before Interest, Depreciation and Tax (PBITD), has increased by 16.99% from Rs. 9573.33 in 2008-2009 to Rs. 11199.78 Lacs in FY 2009-2010.

The Profit Before Tax (PBT) has increased by 37.50% from Rs. 6603.00 Lacs in 2008-2009 to Rs. 9078.84 Lacs in 2009-2010 and the Profit After Tax (PAT) has increased by 32.76% from Rs. 4413.63 Lacs in FY 2008-2009 to Rs. 5859.36 Lacs in FY 2009-2010.

**DIVIDEND:**

During the Year under review, your Directors had declared and paid interim dividend as per details given below:

(Rs. in lacs)

Interim Dividend paid during the year ended 31st March, 2010	Rate of Dividend	Amount of Dividend paid	Distribution tax paid by the Company	Total Outflow
Declared on 27 th January, 2010 and paid on 18 th February, 2010	35%	606.33	103.04	709.37

Your Director's are please to recommend a final Dividend of Rs. 3.50 per share (35% on a par value of Rs.10) for the approval of members. The Final Dividend if declared as above would involve an outflow of Rs. 606.33 Lacs towards the Dividend {previous year Rs. 779.57} and Rs. 103.05 Lacs towards dividend tax {previous year Rs. 132.49 Lacs} resulting in a total outflow of Rs. 709.38 Lacs as against Rs. 912.06 in the previous year. The Dividend Payout Ratio of your Company is 24.21%.

CREDIT RATINGS:

CRISIL has re-affirmed its ratings of 'AA-/Stable/P1+' to the various bank facilities of Solar Industries India Ltd (SIIL). The ratings reflect SIIL's strong market position, good operating efficiencies (backed by prudent raw material procurement policies and backward integration), and strong debt protection measures. To arrive at its ratings, CRISIL has combined SIIL's financial and business profiles with those of its subsidiaries.

In addition to long term rating, CRISIL has also assigned P1+ rating to SIIL for short term Commercial Paper.

COMMERCIAL PAPER:

Our Company has raised Funds through issue of Commercial papers of Rs. 25 Crores @6.40% p.a. from Allahabad Bank by earmarking the Working Capital Limit from Bank of India & State Bank of India.

DIRECTORS:

Shri. Satyanarayan Nandlal Nuwal, Shri. Roomie Dara Vakil, Shri. Satish Chander Gupta, Shri. Dilip Patel are the Directors retiring by rotation under section 256 of Companies Act, 1956, at this Annual General Meeting and being eligible offer themselves for re-appointment.

The Board of Directors at its meeting held on October 27, 2009 appointed Shri. Ajai Nigam as Non Executive Independent Additional Director of the Company.

Shri. Ramesh Chandra Tripathi, Director has resigned from the board effective January 27, 2010.

The Board placed on record its deep sense of appreciation for invaluable contribution made by Shri. Ramesh Chandra Tripathi during his tenure as Independent Director of the Company.

AUDITORS & THEIR OBSERVATIONS:

M/s. Gandhi Rath & Co. Chartered Accountants, Auditors of the Company will retire at the forthcoming Annual General Meeting, and being eligible, offer themselves for re-appointment. The Company has received a certificate from the Auditors to the effect that their re-appointment, if made, would be in accordance with Section 224(1B) of the Companies Act, 1956.

The Board recommends their re-appointment.

The notes to the accounts referred to in the Auditor's Report are self-explanatory and therefore do not call for any further comments.

PARTICULARS OF EMPLOYEES:

There are no personnel, who were paid with the salary of a limit more than that specified under section 217 (2A) of the Companies Act, 1956.

SUBSIDIARY OPERATIONS:

During the year under review :

- Shares of Somu Steels & Power Limited (subsidiary) had been transferred to other shareholders by the Company therefore now it is not a subsidiary of Solar Industries India Limited.

During the year under review two new Overseas Subsidiary Companies:

- Solar Overseas Mauritius Ltd was incorporated at Mauritius.
- Solar Overseas Netherlands Cooperatie U.A. was incorporated at Netherlands.

The Company has applied to the Central Government pursuant to Section 212(8) of the Companies Act, 1956 for exempting the company from attaching a copy of Balance Sheet, Profit & Loss A/C and other documents in respect of Subsidiary Companies for the Year ended 31st March 2010.

Statement pursuant to section 212 (8) of the Companies Act, 1956 containing details of the Subsidiaries of the Company forms part of Annual Report.

Annual accounts of the subsidiary companies are kept for inspection by any investor at the Registered Office of your Company as well as at the Registered Office of the respective subsidiary companies. Any investor interested

in a copy of the accounts of the subsidiaries may write to the Company Secretary at the Registered Office of the Company.

INTERNAL CONTROL SYSTEM:

The Company has adequate internal control procedures commensurate with its size and nature of business.

The Company has appointed Internal Auditors who audit the adequacy and effectiveness of internal controls laid down by the Management and suggests improvements.

The Audit Committee of the Board of Directors periodically reviews the audit plans, internal audit reports, and adequacy of internal controls and risks management.

CORPORATE GOVERNANCE:

Pursuant to the requirements of Clause 49 of the Listing Agreement with the Stock Exchanges, a report of corporate governance forms part of the Annual Report. A certificate by M/s. Gandhi Rathi & Co. Chartered Accountants, Nagpur, Auditors of the Company, confirming compliance of the conditions of corporate governance as stipulated under clause 49 of the Listing Agreement, is annexed to this report.

CONSOLIDATED FINANCIAL STATEMENTS:

The Consolidated Financial Statements of the Company and its subsidiaries, prepared in accordance with Accounting Standard 21 prescribed by The Institute of Chartered Accountants of India, forms part of the Annual Report and Accounts.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

Management's Discussion and Analysis Report for the year under review, as stipulated under clause 49 of the Listing Agreement with the Stock Exchanges in India, is presented in a separate section forming part of the Annual Report.



CEO/CCO CERTIFICATION:

As required under Clause 49 of the Listing Agreement, the CEO/CCO certification is attached with the annual report.

DIRECTOR'S RESPONSIBILITY STATEMENT:

Pursuant to section 217 (2AA) of the Companies Act, 1956 the Board of Directors hereby confirms that:

- i. In the preparation of the annual accounts of the Company for the year ended 31st March, 2010 the applicable Accounting Standards had been followed and there are no departures.
- ii. Accounting policies have been selected and applied consistently and judgments and estimates made that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period.
- iii. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of this act for safeguarding the assets of the Company and detecting fraud and other irregularities.

- iv. Annual accounts for the year ended 31st March, 2010 have been prepared on a going concern basis.

ACKNOWLEDGEMENT:

Your Directors would like to express their appreciation for assistance and co-operation received from the financial institutions, banks, Government authorities, customers, vendors and members during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the committed services by the executives, staff and workers of the Company.

For and on behalf of the Board

(Manish Nuwal)
Director

Place : Nagpur
Date : May 24, 2010



Annexure 1- Forming part of the Director's Report

Information as required under Section 217(1) (E) of the Companies Act, 1956 read with
Companies (Disclosure of Particulars) Rules, 1988.

A. CONSERVATION OF ENERGY

Form "A"

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

1. POWER AND FUEL CONSUMPTION	CURRENT YEAR
ELECTRICITY	
(a) Purchase unit (in Kwh.)	3962149 Units.
Total Amount (in Rs)	18734578/-
Rate/Unit (in per Kwh.)	4.73 Per unit
(b) Own Generation	
(i) Through diesel Generator (in Kwh)	262285 Units
Total Amount (in Rs.)	2449570/-
Average Rate	9.34 per unit.
(ii) Through steam Turbine/Generator unit	N.A.
Units/Litre of fuel/oil	
Gas	
Cost/Unit	
2. COAL/SOLID FUEL	
Quantity M.T.	1372.292
Total Cost	4372544/-
Average rate/ MT.	3186.307
3. FURNACE OIL	
Quantity (LTR)	140435
Total Cost	3266398/-
Average rate/ (LTR)	23.26



Form “B”

1. RESEARCH AND DEVELOPMENT (R & D)

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

1. Our R&D activities can be classified into several categories, which run parallel to the activities in our principal areas of operation.
2. Chemical formulations and process validation where substantial study of the manufacturing process has been undertaken.
3. Developed Seismic Explosives, emulsion explosives and higher charge weight detonating fuse for indigenous and exports markets.
4. we are also working on developing electronic parts for electronic detonators

(b) Benefits derived as results of above:

- Commercial production of new products.
- Modification of existing manufacturing process for some of the products and significant savings in cost of production.
- Substantial increase in value added products
- Enhancement of safety and better environmental protection.

(c) Future plan of action:

- Commercialization of newly developed products.
- Few new products have been identified for which the process to manufacture will be taken up.

(d) Expenditure on R&D

Capital	:	Nil
Recurring	:	Nil
R&D Expenditure percentage of Turnover	:	Nil

* Expenses incurred on R & D is not accounted for separately

2. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

Efforts in Brief- The Company has a full fledged R&D Division engaged in research on new products and study on the existing manufacturing process, optimization of process parameters to improve the product quality and for storage and process of support, transfer and site mix plants.

Technology - As soon the technology is developed for a product or manufacturing process, it is tested in our specified testing plants; the Company is keen to continuously upgrade its technology. The Company's existing technology has been developed in house indigenously and the Company is not dependant on any foreign Technology as of now.

Benefits – Product quality improvement, reduction of storage and production losses, better lean planning & management and reduction on carrying costs.

3. FOREIGN EXCHANGE EARNINGS AND OUTGO:

(a) Earnings in Foreign Exchange

Export:	Rs. 4132.63 Lacs
On Account Commission	Rs. Nil

(b) Remittances in Foreign Exchange:

On account of Bank Interest	Rs. 287.87 Lacs
On account of Professional Charges	Rs. 29.67 Lacs
On account of Sales Commission	Rs. 297.38 Lacs
On account of Ocean Freight	Rs. 1636.00 Lacs
On account of Misc Sales Exp.	Rs. 1.68 Lacs
On account of Travelling Expenses	Rs. 7.50 Lacs
On account of Membership & Subscriptions	Rs. 0.84 Lacs
On account of Export other clearing charges	Rs. 18.65 Lacs
On account of Factory Expenses	Rs. 1.05 Lacs
On account of Preoperative Expenses	Rs. 91.62 Lacs
On account of Other Misc. Expenses	Rs. 0.13 Lacs
On account of Office Expenses	Rs. 0.98 Lacs
On account of Discount given on sales	Rs. 5.81 Lacs
On account of Bank Charges	Rs. 2.46 Lacs
On account of Sales Promotion Expenses	Rs. 43.71 Lacs



Management Discussion and Analysis

I. ECONOMIC OVERVIEW

The ripples of the global financial crisis were felt in India as well, with growth decelerating sharply in the third quarter of 2008-09.

But since then the economy has started showing signs of recovery and GDP growth for 2009-10 has been recorded at 7.4%, up from 6.7 % recorded in 2008-09 .

The ongoing infrastructure push coupled with increase in domestic demand was instrumental for the growth.

The core sector, which includes six major infrastructure industries has had a 26.68% weightage in the Index of Industrial Production (IIP) and recorded a 5.5% growth in FY10 over FY09. This was mainly driven by the power and coal industries, which have a high weightage.

Healthy demand by construction and real estate sectors led to a surge in production and dispatch of cement. Production grew at the highest annual rate of 10.5%. Commissioning of large cement capacity during 2009-10 supported cement production from the supply side.

Healthy performance of automobiles and consumer durables and a revival in construction activity in the real estate and infrastructure sectors have resulted in strong demand for steel. Finished steel production growth picked up since November 2009 and resulted in an accelerated growth rate of 4.9%.

Besides, the improving external demand environment, even though it remains below normal, also began to favourably affect industrial activity and exports. During 2009-10, foreign exchange reserves increased by USD 27.1 billion (Source: RBI – Macroeconomic and Monetary Developments in 2009-10).

With market activity returning to the pre-global crisis level, volatility in the domestic financial markets was much lower during 2009-10 than in the year before, when the crisis erupted.

II. INDUSTRY OVERVIEW

The Mining Industry consumes 90% of the total explosives consumed in the country, while the balance is consumed by the construction industry.

Mining Industry

Minerals constitute the backbone of economic growth of any nation and India has been eminently endowed with huge resources of many metallic and non-metallic minerals. The country produces and works with roughly 100 minerals, which are an important source for earning foreign exchange as well as satisfying domestic needs.

Since independence, there has been a pronounced growth in mineral production both in terms of quantity and value. The industry is growing at an annual growth rate of 4-5% over the past three decades. Its ranking in 2007-08 in world production was 2nd in barytes, 3rd in coal, lignite and bauxite, 4th in iron ore and 5th in manganese ore and steel (crude).

The demand for explosives or the growth in the explosives sector is directly related to the growth in the mining sector. Coal mining, with about 70% of total explosive consumption, remains the largest application for explosives worldwide while quarrying and non-metal mining are the second largest explosives-consuming industries.

India is the 3rd largest producer of coal in the world and coal is one of the primary sources of energy, accounting for about 55% of the total energy consumption in the country. Coal production grew by 6.7% to 526 Million Tonnes (MnT) in 2009-10 from 492.95 MnT in 2008-09. India's coal demand is expected to increase manifold within the next 5 to 10 years due to the completion of on-going coal-based power projects, increase in steel production and demand from metallurgical, cement and other industries.

Due to increased spending and activity in the India infrastructure segment, the explosives market has witnessed a high growth rate over the past 5 years and is poised for a healthy growth rate consistent with the GDP growth.

The demand for cement is estimated to increase to 252 MnT by the end of the 12th Plan. Limestone mining is expected to increase by 13%. Similarly, according to the Planning Commission, steel production is estimated to reach 124 MnT by December 2010 which would require iron ore mining to be increased by at least

9% p.a. Similarly the growth in zinc, lead, bauxite and other minerals is expected to be quite healthy, hence requiring large quantities of explosives in the coming years.

In the construction sector, road construction activity is at its peak. The Ministry of Surface Transport has taken a target of 20 km a day of road construction/widening of National Highways. These require large road metal and hence extensive quarrying is done where substantial explosives are used.

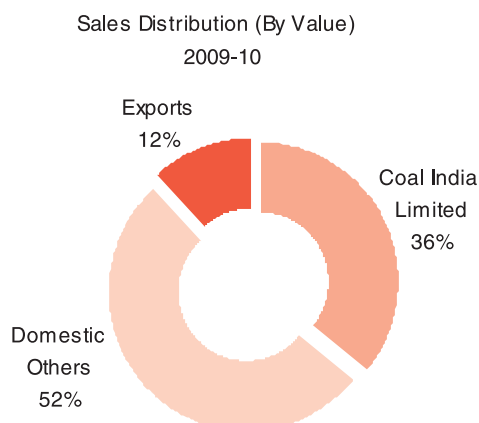
India with its rich mineral base has a 5% market share and is the 8th largest market for explosives, growing at a CAGR of 10% to 12%. Besides, there is a substantial shift in the use of explosives from factory made packaged explosives to on site manufactured bulk explosives.

III. BUSINESS OVERVIEW

Since being established in 1995, Solar Industries India Limited (formerly known as Solar Explosives Limited) has been a leader in the specialised industry of explosives. We manufacture a complete range of industrial explosives and explosive initiating devices.

Our product range includes cartridge explosives, bulk explosives, detonators and detonating fuse etc.

We have a licensed capacity of 2,50,450 MT of explosives (76,590 MT of cartridge explosives and 1,73,860 MT of bulk explosives), 140 mn detonators and 75 mn mtrs of detonating fuse, which is the highest licensed capacity in India.



Our domestic customers include Hindustan Zinc, Steel Authority of India and various companies in the Cement, Construction and Irrigation industry. We continue to remain leaders in the supply of explosives to the Coal Industry, with our largest customer being Coal India Limited.

With exports to more than 15 countries, exports contributed to 12% of our total revenue as against 13.62% over the previous year. The decline was due to the global economic meltdown. With the economy showing signs of revival in most countries, we expect exports to pick up in the coming financial year.

We manufacture various types of packaged emulsion explosives, bulk explosives which together account for 75% of the total sales and the remaining 25% for explosive initiating systems.

Africa

In order to cater to the attractive African region, We have collaborated with local players to set up manufacturing plants in Zambia, Tanzania and Nigeria.

The plant at Zambia will manufacture bulk explosives under the 65% subsidiary Solar Explochem Zambia Limited. This plant has completed trial production in April 2010.

The proposed plant at Tanzania is expect to commence operations by January 2011.

Work at our Nigeria plant is on schedule and the same is expected to be operational by October 2010.

Raw Material

Ammonium Nitrate is the principal raw material for manufacturing explosives and constitutes 72% of the total raw material consumption. The same is sourced from local players and imports.

Ammonium nitrate is a key raw material that is used in other industries, such as fertilisers. Competition for limited amounts of ammonium nitrate sometimes results in price volatility, which is passed on to customers, however with a lag. Recently key customers like CIL, SCCL, TISCO and HZL have incorporated an escalation clause based on Ammonium Nitrate and diesel prices. Other raw materials like sodium nitrate, calcium nitrate, zinc nitrate, stypnic acid, lead azide, emulsion etc are manufactured in-house.



IV. OPPORTUNITIES AND CHALLENGES

Increased investments into the mining sector over the years have fuelled demand for mining explosives. It is anticipated that as the global economy rebounds from the economic downturn and commodity prices recover, there will be greater demand for mining explosives.

Besides, there is an increased focus on infrastructure in India. The government outlay during the 11th Plan stands at Rs. 6,00,000 crore for electricity production and Rs. 3,00,000 crore for roads and bridges. During the 11th plan, 78,000 MW would be added to the existing power capacity of 1,23,000 MW, of which 70% is thermal. All the above will spurt demand for coal. Hydro power generation is set to increase by 17,000 MW requiring large scale excavations and tunneling operations.

However, the sector is also faced with its set of challenges. The country has varying and inadequate infrastructure across the region.

Effective safety practices are also important in the use of mining explosives and we have to constantly assist clients in ensuring best safety practice when dealing with explosives.

V. RISKS AND CONCERNS

As a Company operating and growing in a dynamic and competitive environment, we undertake typical business risks and are exposed to other external risk factors. We have implemented systems to identify risks, to assess them and to ensure that reasonable mitigation plans are in place.

1. Our business is considerably affected by prevailing economic conditions in India

With the buoyant Indian economy and the increased spending on infrastructure, there is increased activity in mining and mining related products. However, any slowdown in the GDP growth, rise in interest rates, inflation, changes in tax, trade, fiscal and monetary policies, etc could negatively impact our results of operations.

The Indian economy is expected to continue demonstrating the growth momentum, and

infrastructure is expected to play a key role in this growth story. The Budget 2010 has proposed USD 37 billion for infrastructure upgradation in both rural and urban areas. Infrastructure development had also been accorded key priority in the 11th Five Year Plan for the years 2007-2012 and the 12th Plan period of 2012-2017, with projected investment requirement of USD 500 billion and USD 1.5 trillion, respectively, by the Prime Minister's Committee on infrastructure. Unless there are extreme internal or external factors, we do not expect India's prevailing economic conditions to deteriorate.

2. We depend on a few customers for a significant portion of our revenues and the loss of one or more significant customers could affect our operations

During 2009-10, we derived approximately 36% of our total revenues from a single client. If we were to lose this customer, it could have a material adverse effect on our business, financial condition and results of operations.

We are consciously working on our business demographics to reduce our dependence on a single client. We have added other large domestic customers to our basket and expanded horizontally to serve other industries like cement, construction and irrigation.

Besides, we expect our export sales to increase once plants at our overseas location become operational.

3. Any change in consumption patterns by utilities away from the use of coal could affect the demand of our products

Some power plants are fuelled by natural gas because of the relatively cheaper construction costs of such plants compared to coal-fired plants and because natural gas is a cleaner burning fuel. A decrease in coal consumption by the domestic electric utility industry and the availability of competing fuels for power plants such as nuclear, natural gas and other governmental regulations, could adversely affect the demand for coal, which

could negatively impact our results of operations.

Coal has been the chief energy source for India because it is found in abundance and is cheaper to exploit than some of the other energy resources. While natural gas and other competing fuels are getting popular, they have yet to be proven efficient and economical. In our view, coal is likely to remain the dominant fuel in the long term and we see no significant threat from other competing energy sources.

4. Unexpected increase in raw material costs could significantly impair our operating profitability

Ammonium nitrate is a major input in the manufacture of mining explosives and is also a key raw material that is utilised in other industries, such as fertilisers. Competition for limited amounts of ammonium nitrate results in rising prices for manufacturers, thus resulting in higher costs of production for explosives manufacturers.

We have entered into agreements and contracts with many of our large customers, and most of them provide price adjustment features, escalation clause and other price adjustment provisions in order to take care of the volatility in the prices of key raw materials. This substantially mitigates the risk we face from increase in raw material prices.

5. Prolonged disruption due to inadequate safety measures

A lot of safety and caution is required in manufacturing and handling explosives. An improper use could prove hazardous and could lead to prolonged disruption of production. This would result in a decrease in our revenues and profitability, which could materially adversely impact our results.

Safety is imbedded in our value system and we truly work towards the mission of 'No Injuries to Anyone, Ever'. We constantly provide in-house training on safe practices and engage a large number of experts to monitor and advise us on this matter. We are on the governing body of SAFEX, an international body on safety in explosives.

This enables us to understand and learn from the incidents happening at other explosives companies world over.

6. Expansions and Joint Ventures involve a number of risks, any of which could cause us not to realise the anticipated benefits.

We are looking at expanding our operations by adding more capacity and expanding in the region of Africa. Expansion and acquisition transactions involve various inherent risks, and if we are unable to successfully integrate the businesses or properties we associate with, we could experience a materially adverse effect on our business.

We constantly review our performance, devise strategies and understand the market scenario while undertaking expansion projects and joint ventures. We have a pragmatic approach towards our business partners and through strategic focus, forward thinking and contingency planning we aim to maximise opportunities and minimise adversity.

VI. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACIES

We have adequate internal controls for our business processes across departments to ensure efficiency of operations, compliance with internal policies and applicable laws and regulations, protection of resources and assets and accurate reporting of financial transactions.

The internal control system is supplemented by extensive internal audits, regular reviews by management and standard policies and guidelines to ensure reliability of financial and all other records to prepare financial statements and other data.

We also implemented the SAP ERP system during the year to track and manage, in real-time, sales, production, finance accounting and human resources functions.

VII. FINANCIAL PERFORMANCE

During the year 2009-10, We recorded a total income of Rs. 58,340.17 lacs in comparison to Rs. 51,378.22 lacs in the previous year. The EBIDTA stood at



Rs. 11,199.78 lacs as against Rs. 9,573.33 lacs in 2008-09, registering an increase of 16.98%. The PAT for 2009-10 was Rs. 5,859.37, up 33% over the previous year. The earnings per share stood at Rs. 33.82 as against Rs. 25.48 for 2008-09.

VIII. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES

We believe that our employees are key contributors to our business success. To achieve this, we focus on attracting and retaining the best people possible. We are committed to a safe and healthy work environment and regularly undertake and adopt various safety and health measures. We maintain cordial relations with all our staff and employees.

	No. of training courses conducted	No. of personnel trained	Total manhours of training
Superior / Executive	158	1,079	4,534
Operator	210	2,225	7,234

Safety Measures

We have witnessed a significant year with respect to safety. During the year, we were awarded the ISO:14001:2004 & OSHAS :18001: 2007 for Environment management & Occupational Health & Safety respectively.

We conducted several new training programmes which included training on personal protective equipment and the Japanese concept of “5s” for improving housekeeping. The concept of reporting ‘Learning Incidents’ was well accepted across our plants, down to the operator level. During the year, the Chairman announced an award for reporting the largest number of learning incidents in a year.

All the above measures and training transpired into us reporting a lower number of 28 incidents as against 138 incidents reported during the previous year. We also completed 5.3 million hours of accident free record during the year.

IX. OUTLOOK

The beginnings of a recovery post the global financial downturn and the significant boost from China’s

economic recovery in 2009 has produced a rally in base-metal prices.

However, China will not be solely responsible for the global recovery in the mining industry, as other countries including the US, Europe and Japan will also account for a significant portion of the demand for mined resources. While China is now the largest single consumer of base metals, demand in the other Organisation for Economic Cooperation and Development (OECD) countries still accounts for approximately 60% of global demand.

India’s demand for coal is 583 MT this year and is expected to rise 700 MT by 2011-12.

The 234 Million Tonnes Per Annum (mtpa) Indian cement industry is set to add 43.2 mtpa capacity during the next 15 months (January 2010 to March 2011), thanks to infrastructure and real estate projects.

Besides, India is endowed with expansive mineral deposits and a substantial part of it still remains unexplored. The rally to strengthen the infrastructure is set to further exploit the resources, ensure sustained demand for mining explosives.

We are committed to provide world-class mining services and solutions to create value and growth for the Indian mining sector and other selected international markets. Our proven delivery and support with our various clients has affirmed the organisation’s position as one of the leading players capable of delivering reliable solutions, within tight deadlines to specific requirements.

X. CAUTIONARY STATEMENT

Statement in the Management Discussion and Analysis describing the Company’s objectives, projections, estimates, expectations may be “forward looking statements” within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could influence the Company’s operations include economic developments within the country, demand and supply conditions in the industry, input prices, changes in government regulations, tax laws and other factors such as litigation and industrial relations.

Report on Corporate Governance

INTRODUCTION

Report for the financial year ended 31st March, 2010 on the compliance by the Company with the Corporate Governance requirements under Clause 49 of the Listing Agreement, is furnished below.

Corporate governance is the system by which companies are directed and managed. It influences how the objectives of the company are set and achieved, how risk is monitored and assessed, and how performance is optimised. Good corporate governance structures encourage companies to create value (through entrepreneurship, innovation, development and exploration) and provide accountability and control systems commensurate with the risks involved.

Corporate governance is the relationship between corporate managers, directors and the providers of equity, people and institutions who save and invest their capital to earn a return. It ensures that the board of directors is accountable for the pursuit of corporate objectives and that the corporation itself conforms to the law and regulations.

CORPORATE GOVERNANCE IN SOLAR INDUSTRIES

Solar Industries India Limited believes that Corporate Governance is a set of guidelines to help fulfill its responsibilities to all its stakeholders. The philosophy and practice of Corporate Governance in Solar Industries can be succinctly stated as:

- Compliance with not just the letter of law, but reaching out and embracing the true spirit of law.
- The protection of the rights and interests of all the shareholders.
- Transparency in all business dealings and transactions.
- Timely and accurate disclosure of relevant information.
- Strategic Guidance and effective monitoring by the Board of Directors.
- The Board of Directors, comprising of eminent individuals from various disciplines, ensure fairness in dealings with all stakeholders of the Company.

Solar Industries has four layers of Corporate Governance:

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

FIRST LAYER GOVERNANCE BY BOARD OF DIRECTORS

COMPOSITION:

The composition of Board of Directors as on 31st March, 2010 is as follows:

Category	No. of Directors	Percentage
Executive Directors	05	50%
Non-Executive/Independent Directors	05	50%
Total	10	100%

PARTICULARS OF DIRECTOR APPOINTED DURING THE YEAR:

On 27th October, 2009 our Board of Directors has inducted the following Personnel as Independent Director into the Board :

Mr. Ajai Nigam

Mr. Ajai Nigam Aged 61 years, is M.Sc. (Chem. Engg.) and L.L.B. He retired as Chief Controller of India, Govt. of India, Petroleum & Explosives Safety Organization (PESO) Nagpur and has 34 years of experience in the Department in various capacities.

He was also associated with various development activities of PESO including establishment of Fireworks Research & Development Centre at Sivakasi and revamping of new website of PESO.

He held the charge of Explosives Testing Station at Gondkhieri, Nagpur from 1992 to 1994. During that period four Laboratories were established at the station and made functional.

He acted as a chairman of various Technical Committees



of Govt. of India and also presented 16 papers in various National/ International forums. He has visited USA, UK, SWEDEN & GERMANY on important Government assignments.

PARTICULARS OF DIRECTORS PROPOSED FOR RE-APPOINTMENT:

In terms of Articles of Association of the Company and the relevant provisions of Companies Act, 1956 Mr. Satyanarayan Nuwal, Mr. Roomie Dara Vakil, Mr. Satish Chander Gupta, Mr. Dilip Patel, retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

Brief Resume of Directors proposed to be re-elected is given below:

Mr. Satyanarayan Nandlal Nuwal, Chairman of Solar Industries India Limited, aged 58 years hails from Bhilwara (Rajasthan). Started his career with trading activity in the field of Explosives and Explosive Accessories, he went on to set up the manufacturing facilities. Within a decade, he made Solar Group one of the best known names in the Explosives industry.

He is also the Chairman of Economic Explosives Limited, Solar Components Private Limited, Navbharat Coalfields Limited, Sunbeam Explosives Limited, Sunrise Explosives Limited, Solar Mines & Minerals Limited, Solar Mining Resources Limited, Solar Bhatgaon Extension Mines Private limited, Bhatgaon Extension Mines private Limited.

Mr. Roomie Dara Vakil, aged 67 years, is a Post Graduate in Mining (Geology) from the Osmania University. He joined IDL Industries Limited (now known as Gulf Oil Corporation Limited) in the year 1967 and has held various positions in marketing in its Explosives division. He rose to the level of GM (Marketing) in 1992 and finally as Vice-President (Marketing). He was Secretary of Explosives Manufacturer's Association of India for 3 years and finally elected as Chairman of the Explosives Manufacturers Association of India for the period of four year from 1997 – 2001. Currently he is the Chief Marketing Officer at our Company, managing the domestic and international marketing functions.

He is Director in Navbharat Coalfields Limited.

Mr. Satish Chander Gupta aged 63 years is M.Com & CAIIB and former Chairman & Managing Director of Punjab National Bank. He has been a career banker and has put in 41 years of banking service before attaining superannuation on 31st May, 2007. His specialization is Credit and Manpower Management. In his career as banker, he has worked as Executive Director and Chairman for Indian Overseas Bank & Punjab National Bank. He headed the largest Nationalized Bank which is a high point of his career.

He is Director in ISMT Limited, Emmsons International Limited, Sagacious Financial Services Limited, SMC Wealth Management Services Limited, Kordia IT Limited, Aban Offshore Limited, Minda Corporation Limited, Bindal Papers Limited, Jai Balaji Industries Limited.

Mr. Dilip Patel, aged 63 years, is a Chemical Engineer from IIT Kanpur, and has done Masters in Financial Management. He has working experience of over 30 years including with SICOM. He is presently engaged as Management Consultant with several Companies in enhancing operating performance of Companies, both in Manufacturing and services sector.

He is Director in Eurotex Industries & Exports Limited, Malladi Drugs & Pharmaceuticals Limited, Godavari Drugs Limited, Polyset Plastics Private Limited, Celestlal Biotech Limited and Minex Metallurgical Company Limited.

INFORMATION FLOW TO THE BOARD MEMBERS

We present our annual Strategic Plan and Operating Plans of our businesses to the Board for their review, inputs and approval. Similarly, our quarterly financial statements and annual financial statements are first presented to the audit committee and subsequently to the Board of Directors for their approval. In addition specific cases of acquisitions, important managerial decisions, and statutory matters are presented to the Board and Committees for their approval.

As a process in most cases information to directors is submitted along with the agenda papers well in advance of the Board meeting. In some instances documents are tabled

during the course of the Board Meetings or the appropriate Committees of the Board.

The Company receives certificates from all the departments certifying the compliance of Statutory Laws, Rules and Regulations applicable to the respective departments on quarterly basis.

On the basis of the certificates received from all the departments, the Chairman certifies to the Board the compliance of all statutory laws, Rules and Regulations as they are applicable to us.

BOARD PROCEDURES

We decide on the board meeting dates in consultation with our Chairman and all our Directors. Once approved by the Chairman and other Directors the Schedules of Board meeting & Board Committee meetings are communicated in advance to the Directors to enable them to schedule their meetings.

During 2009-10, the Board of Directors met seven times on June 28, 2009, July 27, 2009, July 31, 2009, September 17, 2009, October 27, 2009, January 27, 2010 & March 24, 2010. The gap between any two meetings has been less than four months.

ATTENDANCE RECORD OF DIRECTORS

Table: 1 Composition of the Board and attendance records of Directors for 2009-2010

Name of the Director	Category	Attendance at	
		Board Meeting	Last AGM
Satyanarayan Nuwal	Chairman and Executive Director	7/7	Yes
Kailashchandra Nuwal	Executive Director	5/7	–
Kundansingh Talesra	Executive Director	6/7	Yes
Roomie Dara Vakil	Executive Director	5/7	Yes
Manish Nuwal	Executive Director	7/7	Yes
Anant Sagar Awasthi	Non-executive independent Director	7/7	Yes
Dilip Patel	Non-executive independent Director	5/7	Yes
Satish Chander Gupta	Non-executive independent Director	2/7	–
Rishi Narain Singh	Non-executive independent Director	4/7	–
Ajai Nigam ¹	Non-executive independent Additional Director	2/7	–
Ramesh Chandra Tripathi ²	Non-executive independent Director	1/7	–

1. Appointed as Director w.e.f October 27, 2009.

2. Ceased to be Director w.e.f January 27, 2010.



OUTSIDE DIRECTORSHIPS AND MEMBERSHIPS OF BOARD COMMITTEES

Table 2 Gives the number of outside directorships and committee positions held by directors of the company.

Table 2: Outside directorships/committee positions as on March 31, 2010

	Satyanarayan Nuwal	Kailashchandra Nuwal	Manish Nuwal	Kundan Singh Talesra	Roomie Dara Vakli	Ajai Nigam ¹	Dilip Patel	Anant Sagar Awasthi	Satish Chandra Gupta	Ramesh Chandra Tripathi ²	Rishi Narain Singh
Category	Chairman and Promoter Director	Promoter Director	Promoter Director	Executive Director	Executive Director	Non-Executive independent Additional Director	Non-Executive independent Director	Non-Executive independent Director	Non-Executive independent Director	Non-Executive independent Director	Non-Executive independent Director
Directorship in other Companies	11	09	09	02	01	–	06	04	09	–	–
Chairmanship in Board committees of other Companies	–	–	–	–	–	–	01	–	–	–	–
Membership in Board committees of other Companies	–	–	–	–	–	–	03	–	02	–	–

Notes

- Promoters does not include Directorship in Solar Industries India Limited, Private Companies which are not subsidiaries to Public Companies, Section 25 Companies and Foreign Companies.
 - Does not include Chairmanship/Membership in Board Committees other than the Audit Committee, Shareholder's Grievance Committee.
 - None of the directors were members in more than 10 committees and had not held chairmanship in more than five committees across all companies in which he was a director as on 31.03.2010 and none of them have acquired any disqualification as per section 274(1) (g) of the Companies Act, 1956.
1. Appointed as Director w.e.f October 27, 2009.
 2. Ceased to be Director w.e.f January 27, 2010.

DIRECTORS SHAREHOLDING

Table 3 provides details of equity shares held by each of the Directors in their individual name as on 31st March, 2010.

Table : 3

Name	No. of Equity Shares held
Satyanarayan Nuwal	2,662,000
Kailashchandra Nuwal	2,609,125
Manish Nuwal	860,813
Kundansingh Talesra	100
Roomie Dara Vakli	10

DETAILS OF NON-COMPLIANCE BY THE COMPANY, PENALTIES, AND STRICTURES IMPOSED ON THE COMPANY BY STOCK EXCHANGE OR SEBI OR ANY STATUTORY AUTHORITY, ON ANY MATTER RELATED TO CAPITAL MARKETS, DURING THE LAST THREE YEARS

The Company has complied with the requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters related to the capital markets during the last three years. There were no penalties imposed nor any strictures passed on the Company by the Stock Exchanges, SEBI or any other statutory authority relating to the above.

CODE OF CONDUCT

The Board of Directors laid down a Code of Conduct for all the board members and senior management of the Company. This code has been posted on the web-site of the Company www.solarexplosives.com.

All board members and senior management personnel have affirmed compliance with the code, a declaration to this effect signed by Executive Director, Mr. Kailash Chandra Nuwal is given in this annual report.

SECOND LAYER GOVERNANCE BY SUB COMMITTEES OF BOARD OF DIRECTORS

With a view to comply with various requisites of Companies Act, 1956, requisites of clause 49 of the Listing Agreement and to make informed decisions, the Company has set up its sub Committees. All decisions and recommendations of the committees are placed before the board either for Information or for approval. We have the following three sub committees:

- Audit Committee
- Shareholders Grievance Committee
- Remuneration Committee

AUDIT COMMITTEE

The Audit Committee was constituted on 26th November, 2005 in compliance with the requirements of Clause 49 of the Listing Agreement. The vice president Finance along with internal auditors and statutory auditors are invitees to the Audit Committee meetings, as and when necessary. The Committee discharges such duties and functions generally indicated in Clause 49 of the Listing Agreement with the Stock Exchanges and such other functions as may be specifically delegated to the Committee by the Board from time to time.

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

Shri Anand Chandak (Partner M/s Anand Taori & Company, Chartered Accountants) headed the Internal Audit function of the group for the year 2009-2010.

The Chairman of the Audit Committee Shri. Anant Sagar Awasthi attended the last Annual General Meeting held on 17th September, 2009.

MEETINGS DURING THE YEAR:

The meetings of the Audit Committee were held on 28th June, 2009, 27th July, 2009, 27th October, 2009, 27th January, 2010 and 24th March 2010.

COMPOSITION AND ATTENDANCE

The Audit Committee consists of one executive & three non-executive members, Chairman being Independent Director.

Table 5: Composition and attendance of Audit Committee as on March 31, 2010

Name of Director	Designation	Number of meetings attended
Anant Sagar Awasthi	Chairman	5/5
Satish Chander Gupta	Member	2/5
Dilip Patel	Member	4/5
Manish Nuwal	Member	5/5

Note: Dr. R. Srinivasan ceased to be an Audit Committee Member and Shri Satish Chander Gupta was appointed on his place with effect from June 28, 2009.

RISK MANAGEMENT

The Explosive business has a specific set of risk characteristics which need to be carefully evaluated managed and mitigated, in order to effectively manage the cyclic nature of demand; the management has adopted an internal risk management protocol. Risk management covers the entire process of business including inter-alia capital investment, technology development, customer acquisition / retention.



There are continuous concerns on input cost increase due to commodity price movements, the company is taking steps to competitively procure its raw material through global sourcing and appropriate inventory management.

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

MANAGEMENT DEVELOPMENT

The Management's Discussion and Analysis on Company's performance, industry trends and other material changes with respect to the Company and its subsidiaries, wherever applicable are presented on pages 22 to 26 of the Annual Report.

REMUNERATION COMMITTEE

Though this is a non-mandatory requirement, the Board of Directors has constituted a Remuneration Committee with 3 non-executive Directors of which all 3 are independent including its Chairman. Its principal scope/role is to recommend remuneration package for Executive Directors/ Senior management personnel as and when required.

The Committee accordingly meets only as per needs. Only one meeting on June 28, 2009 of Remuneration Committee was held during the financial year 2009-2010. Its composition and attendance is given hereunder:

Table 4: Composition and attendance of Remuneration Committee as on March 31, 2010

Name of Director	Capacity	No. of Meetings held	No. of Meetings Attended
Anant Sagar Awasthi	Chairman	1	1
Satish Chander Gupta	Member	1	-
Dilip Patel	Member	1	1

Note: Dr. R. Srinivasan ceased to be a Remuneration Committee Member and Shri Satish Chander Gupta was appointed on his place with effect from June 28, 2009.

REMUNERATION POLICY FOR DIRECTORS

Executive Directors Remuneration: The remuneration package of the Executive Directors is normally fixed on 3/5 years service contract basis, by the Remuneration Committee.

Table 5 provides the remuneration paid to the Executive Directors for the services rendered during the financial year 2009-2010.

Non-Executive Independent Directors Remuneration:

All the five Non-Executive Independent Directors are, independent Directors i.e. independent of management and free from any business or other relationship that could materially influence their judgment. All the independent directors satisfy the criteria of independence as defined under Listing Agreement with Indian Stock Exchanges. Non-Executive Independent Directors receive sitting fees for attending the meetings of the Board & Board Committees.

Table 6 provides the remuneration paid to the Non-Executive Independent Directors for the services rendered during the financial year 2009-2010. The Company does not have stock option programme.

Table 5 : Remuneration paid to Executive Directors during the year 2009-10

Executive Directors	Relationship with other Directors	Salary (Rs. in lakhs)	Commission (Rs. in lakhs)	Perquisites and Allowances (Rs. in lakhs)
Satyanarayan Nuwal	Brother of K.C Nuwal/ Father of Manish Nuwal	50.00	45.41	Nil
Kailashchandra Nuwal	Brother of S . N Nuwal/ Uncle of Manish Nuwal	50.00	45.41	Nil
Manish Nuwal	Son of S.N Nuwal/ Nephew of K.C Nuwal	35.00	45.40	Nil
Kundansingh Talesra	-	09.60	Nil	Nil
Roomie Dara Vakil	-	12.00	Nil	Nil

Table 6 : Remuneration paid to Non-Executive Directors during the year 2009-10

Non-Executive Directors	Sitting Fees (Rs.)
Ramesh Chandra Tripathi	15,000/-
Anant Sagar Awasthi	1,40,000/-
Satish Chander Gupta	40,000/-
Dilip Patel	1,00,000/-
Rishi Narain Singh	60,000/-
Ajai Nigam	30,000/-

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

INVESTORS GRIEVANCE COMMITTEE

The Board has constituted a Investors Grievance Committee. Its role and responsibility is to expeditiously process and approve transactions in securities, complying with SEBI regulations and listing requirements and redressal of investor grievances. The Committee oversees and monitors the performance of the Registrar & Transfer Agents and devises measures for overall improvement in the quality of investor services.

The Committee comprises of 3 Directors, out of which two are executive directors. The Chairman of the Committee is a Non-Executive Director. The Committee has met 7

times during the year on June 28, 2009, July 27, 2009, July 31, 2009, September 17, 2009, October 27, 2009, January 27, 2010 & March 24, 2010 during the financial year 2009 – 2010. Its composition and attendance is given hereunder:

Table 7: Composition and attendance of Investor Grievance Committee as on March 31, 2010

Name of Director	Capacity	No. of Meetings held	No.of Meetings Attended
Anant Sagar Awasthi	Chairman	7	7
Kailashchandra Nuwal	Member	7	5
Kunadansingh Talesra	Member	7	6

Note: Dr. R. Srinivasan ceased to be an Investors Grievance Committee Member and Shri Satish Chander Gupta was appointed on his place with effect from June 28, 2009.

NATURE OF COMPLAINTS AND REDRESSAL STATUS

During the past financial year, the complaints received by us were general in nature, which include issues relating to the change of address, non-receipt of shares, refund orders etc. All these complaints/queries were resolved to the satisfaction of investors.



Table 8: Nature of Complaints and redressal status as on March 31, 2010

SR. No.	Nature of Complaint	Complaints Received	Complaints Processed	Complaints Pending
1.	Non Receipt of Dividend warrant	2	2	0
2.	Non receipt of Annual report	1	1	1
3.	Non receipt of S/C	1	1	1
4.	Others	3	3	0

COMMITTEE MINUTES

Minutes of all the Committees of the Board are prepared by the Secretary of the Company, approved by the Chairman of the Meeting, circulated to the Board in the Agenda for the succeeding meeting and recorded thereat

SECRETARIAL AUDIT

A qualified practicing Company Secretary Mr. Aniket Devdhar has carried out secretarial audit

every quarter to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The audit confirms that the total issued/paid up capital is in agreement with the aggregate total number of shares in physical form, shares allotted & advised for demat credit but pending execution and the total number of dematerialized shares held with NSDL and CDSL.

THIRD LAYER GOVERNANCE BY SHAREHOLDERS**a) General Body Meetings**

Table 9 : Location and time, where last three Annual General Meetings (AGMs) were held:

Year	Location	Date & Time
14th AGM-2009	Hotel Tuli International, Residency Road, Sadar Nagpur - 440001	September 17 th 2009, at 11.30 a.m
13th AGM-2008	Udyog Bhavan, First floor, Civil Lines, Nagpur – 440001	September 24 th 2008 at 11.00 a.m.
12th AGM-2007	Udyog Bhavan, First floor, Civil Lines, Nagpur – 440001	September 26 th 2007 at 11.00 a.m.

- b) No extra ordinary general meeting of the Shareholders was held during the year.
- c) Whether Special resolutions were put through Postal Ballot last year? YES
- d) Are Special resolutions proposed to be put through Postal Ballot this Year? NO

During the year under review, the Company has conducted the postal ballot process twice. The following resolutions were passed thereat:

1. **Postal Ballot Process Held on June 28, 2009:**

a. **Voting Pattern**

Number of valid /invalid postal ballot forms received as below:-

Resolution No.	Total No. of postal ballot Received and No. of Shares		No. of Valid postal ballot	No. of Shares valid	No. of invalid postal ballot	No. of Shares invalid
1	193	6926488	192	6926473	1	15
2	193	6926488	192	6926473	1	15
3	193	6926488	192	6926473	1	15
4	193	6926488	192	6926473	1	15
5	193	6926488	192	6926473	1	15

Item No.	Subject Matter of Resolution	No. of Shares	Votes in favour of the Resolution	%of shareholding voted in favor	Votes against the Resolution
1.	Special Resolution under Section 17, 18 of the Companies Act, 1956 for alteration in the Main Object Clause of Memorandum of Association of the Company.	6926473	6926371	97.93	102
2.	Special Resolution under Section 17, 18 of the Companies Act, 1956 for alteration in the Other Object Clause of Memorandum of Association of the Company.	6926473	6926221	96.37	252
3.	Special Resolution under Section 149(2A) of the Companies Act, 1956 for obtaining Commencement of Business Certificate for newly inserted business activities.	6926473	6926251	96.89	222
4.	Ordinary Resolution under Section 293(1)(a) of the Companies Act, 1956 for increasing borrowing powers of the Company.	6926473	6925835	89.12	638
5.	Ordinary Resolution under Section 293(1)(d) of the Companies Act, 1956 for Creation of Mortgages and charges on the properties of the Company.	6926473	6925865	89.64	608



2. Postal Ballot Process Held on September 17, 2009:

a. Voting Pattern

Number of valid /invalid postal ballot forms received as below :-

Resolution No.	Total No. of postal ballot Received and No. of Shares		No. of Valid postal ballot	No. of Shares valid	No. of invalid postal ballot	No. of Shares invalid
1	94	9561498	84	9059052	10	502446

Item No.	Subject Matter of Resolution	No. of Shares	No. of Votes in favour of the Resolution	% of shareholding voted in favor	No. of Votes against the Resolution
1.	Special Resolution under Section 17, 18 of the Companies Act, 1956 for alteration in the Main Object Clause of Memorandum of Association of the Company.	9059052	9058905	99.98	147

b. Scrutinizer

Mr. Jagdish Patel, (Practicing Company Secretary, Vapi) was appointed as Scrutinizer for conducting both the above Postal Ballot processes in a fair and transparent manner.

c. Procedure

Both the above Postal Ballot processes were conducted as per section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules 2001.

d. Results

The above mentioned resolutions were passed with the requisite majority. The results of Postal Ballot(s) were announced on 31st July, 2009 and 27th October, 2009 respectively at the registered office of the Company.

e. Special Resolutions passed in previous 3 Annual General Meetings:

At the last Annual General Meeting held on 17th September, 2009, Special Resolutions were passed for :

- Appointment of Shri. Manish Nuwal as an Additional Director and to confirm his remuneration.
- Confirm the increased remuneration of Shri Satyanarayan Nuwal, Chairman of the Company.
- Confirm the increased remuneration of Shri Kailash Chandra Nuwal Director, of the Company.

These resolutions were passed unanimously.

At the Annual General Meeting held on 24th September, 2008, Special Resolutions were passed for:

- Appointment of Shri Dilip Patel as Director.
- Appointment of Shri Rishi Narain Singh as Director
- Increase in Remuneration of Shri Roomie Dara Vakil, Director of the Company

- Increase in Remuneration of Shri Kundan Singh Talesra, Director of the Company
- Resolution for variation in IPO Objects
- Resolution for change in name of the Company

These resolutions were passed unanimously.

At the Annual General Meeting held on 26th September, 2007, Special Resolutions were passed for

- Approval of increased remuneration to Mr. Satyanarayan Nuwal.
- Approval of increased remuneration to Mr. Kailashchandra Nuwal.
- Resolution for variation in IPO objects.

These resolutions were passed unanimously.

MEANS OF COMMUNICATION

a. Quarterly Results

Quarterly results are published in numerous leading dailies such as, The Economic Times (Mumbai Edition), Financial Express (All Editions), Loksatta (Nagpur Edition). All financial and other vital official news are also communicated to the concerned stock exchanges and are posted on the website www.solarexplosives.com

b. Presentations to Institutional investors or analysts

During 2009 -10, presentations made to institutional investors or analysts by Solar Industries India Limited are displayed on the Company's website www.solarexplosives.com

c. Company's Corporate Website

The Company's website is a comprehensive reference on Solar's management, vision, mission, policies, corporate governance, corporate sustainability, investor relations etc.

The section on investor relations serves to inform the shareholders, by giving complete financial details, shareholding patterns, corporate benefits, information relating to stock exchanges Registrars and Share Transfer Agents.

d. Annual Report:

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

e. Chairman's Communique :

Printed copy of the Chairmen's Speech is distributed to all the shareholder's at the Annual General Meeting. The same is also placed on the website www.solarexplosives.com

f. Designated Exclusive email-id :

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

investor.relations@solarexplosives.com

GENERAL SHAREHOLDER INFORMATION

1. Annual General Meeting

Annual General Meeting for the year 2009-10 is scheduled on 23rd August, 2010. The meeting will be conducted at Royal Court Hall, Hotel Tuli International, Residency Road Sadar, Nagpur-440 001

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



The last date for receipt of proxy forms by us is 21st August, 2010 before 11.30 a.m.

2. Financial Calendar

Our Tentative calendar for declaration of results for the Year 2010-2011 is given below:

Table 10. Financial results schedule for the year 2010-2011

Particulars	Tentative Schedule
Financial Reporting for the Quarter ending 30 th June, 2010	Second fortnight of July 2010
Financial Reporting for the Quarter ending 30 th September, 2010	Second fortnight of October, 2010
Financial Reporting for the Quarter ending 31 st December, 2010	Second fortnight of January, 2011
Financial Reporting for the Year/Quarter ending 31 st March, 2011	On or before 30 th May, 2011
Annual General meeting for the Year ending 31 st March, 2011	August, 2011

Notes:

- For the year ended on 31st March, 2010 results were announced on 24th May, 2010.
- For the Quarter ended on 30th June, 2010 results were announced on 29th July, 2010.

3. Dates of Book Closure

August 13, 2010 to August 23, 2010 (both days inclusive)

4. Dividend:

The Board of Directors of the Company has proposed a Further dividend at 35% for the financial year ended on 31st March 2010, subject to the approval by the shareholders of the Company at the Annual General Meeting.

The Interim Dividend paid during the year was Rs. 3.50 Per Share.

Dividend paid in the Previous year was Rs. 4.50 Per Share.

The payment of dividend, upon declaration by the shareholders at the forthcoming Annual General Meeting, will be made on or after 28th August, 2010:

1. To all those Beneficiaries holding shares in electronic form, as per the ownership data made available to the company by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as of end of the day on 12th August, 2010.
2. To all those shareholders holding shares in physical form, after giving effects to all the valid share transfers lodged with the company on or before the closing hours on 12th August, 2010.

Shareholders are advised to refer to the notice of the Annual General Meeting for details of action required to be taken by them in this regard.

5. Listing on Stock Exchanges

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

Table 11. Listing Details

Sr. No.	Name of Stock Exchange	Address
1	Bombay Stock Exchange Limited, Mumbai (BSE)	1ST Floor, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001
2	National Stock Exchange of India Limited, Mumbai (NSE)	Exchange plaza, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051

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

6. Stock Code

Bombay Stock Exchange Limited, 532725
Mumbai

National Stock Exchange of India SOLARINDS
Limited, Mumbai

ISIN INE343H01011

7. Market Price Data

The shares of the Company were listed on NSE and BSE on 3rd April 2006, share price data from 01.04.2009 to 31.03.2010 is as follows

Table 12: Market Price data of Solar Industries India Limited

Month	Bombay Stock Exchange				National Stock Exchange			
	Share Price		Sensex Points		Share Price		S&P CNX Nifty Points	
	High (Rs.)	Low (Rs.)	High	Low	High (Rs.)	Low (Rs.)	High	Low
April	300.00	190.00	11492.10	9546.29	304.60	193.55	3517.25	2965.70
May	326.00	260.00	14930.54	11621.30	332.00	253.15	4509.40	3478.70
June	336.00	240.00	15600.30	14016.95	321.00	236.65	4693.20	4143.25
July	347.90	256.00	15732.81	13219.99	344.70	235.15	4669.75	3918.75
August	366.00	315.00	16002.46	14684.45	365.00	315.15	4743.75	4353.45
September	413.55	335.00	17142.52	15356.72	407.65	320.00	5087.60	4576.60
October	400.00	316.45	17493.17	15805.20	400.00	330.60	5181.95	4687.50
November	393.00	340.00	17290.48	15330.56	404.90	316.30	5138.00	4538.50
December	464.75	369.00	17530.94	16577.78	466.00	371.00	5221.85	4943.95
January	449.00	375.05	17790.33	15982.08	458.00	393.25	5310.85	4766.00
February	467.95	412.55	16669.25	15651.99	480.00	400.15	4992.00	4675.40
March	461.00	405.00	17793.01	16438.45	461.00	416.00	5329.55	4935.35

8. Registrar and Share Transfer Agent

Link Intime India Pvt. Ltd.

(Formerly Intime Spectrum Registry Limited)

LBS Marg, Bhandup (W),

Mumbai – 400 078

Tel: (+91-22) 25963838

Fax: (+91-22) 25946969

Website: www.linkintime.co.in

Email: solar@linkintime.co.in

9. Share Transfer System

Share transfer and related operations for the Company, is conducted by Link Intime India Pvt. Ltd which is registered with SEBI as a Category 1 registrar. Share transfer is normally affected within maximum period of 30 days from the date of receipt, if all the required documents are submitted.

**10. Distribution of shares and shareholding pattern as on 31st March, 2010****Table 13 : Shareholding pattern as on 31st March, 2010**

Shareholding of nominal value (Rs.)	No. of share holders	% of total Number of shareholders	Shares held in each class	
			Nominal Value of shares	% of total
1 -- 5000	5623	94.5201	3799630	2.1933
5001 – 10000	155	2.6055	1072590	0.6191
10001 – 20000	72	1.2103	1089850	0.6291
20001 – 30000	24	0.4034	589540	0.3403
30001 – 40000	10	0.1681	340060	0.1963
40001 – 50000	7	0.1177	334600	0.1931
50001 – 100000	20	0.3362	1398430	0.8072
100001-- *****	38	0.6388	164613460	95.0215
TOTAL	5949	100.0000	173238160	100.00

Table 14: Shareholding Pattern(Category wise) as on 31st March, 2010

Sl. No	Category	No. of Shareholders	Total Shares	% To Total Share holding
1	Promoters	14	12923816	74.60
2	Resident Individuals(public)	5541	777194	4.49
3	Foreign Institutional Investors	2	1506	0.01
4	Financial Institutions	2	392919	2.27
5	Mutual Funds	14	2815036	16.25
6	Clearing Members	31	9699	0.06
7	Other Bodies Corporate	220	361297	2.09
8	Non Resident Indians	126	42343	0.24
	TOTAL	5949	17323803	100.00

11. Dematerialization of Shares and liquidity

The Company's shares are compulsorily traded in dematerialized form and are available for trading on both the Depositories in India – National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd. (CDSL).

17323803 Ordinary Shares of the Company representing 99.99% of the Company's share capital is dematerialized.

As per SEBI circular dated April 24, 2009 bearing reference no. SEBI/CFD/DIL/LA/1/2009/24/04 Company opened and maintained separate share demat escrow account with LKP Securities Limited, Mumbai to hold allotted shares which could not be credited to allottees account during the Initial Public Offer. Table 15 shows the details of such allottees.

Company also opened and maintained separate account with State Bank of India, Nagpur, to hold dividend due on shares lying in demat escrow account of Company.

Table 15: Details of shares lying in Demat Escrow Account

SR. NO	APPL. NO	NAME	DP / CLIENT ID	ALLOT
1	2272861	CHAMPAKLAL U SANGHVI	13015400000	30
2	5932548	M ANANTHAM		30
3	1461449	NAVIN BAREJA	IN30261932504258	52
4	3629081	PRADEEP M SHAH	1302240000026644	37
5	5383446	REKHA BAJAJ	IN30210510104719	80
6	5331319	SAROJ AGARWAL	IN30047672338419	37
7	2487896	SHOBHA RAMESH GANDHI	IN30133017655762	37
8	4531003	SRINIVAS D KAKANI	IN30112718542090	61
				364

12. Plant Locations as on 24.05.2010

Table 16: Plant Locations as on 24.05.2010

Sl.No	Address	City
1	Village-Chakdoh (Bazargaon), Tehsil-Katol	Nagpur, Maharashtra
2	Village-Savanga	Nagpur, Maharashtra
3	Village-Khapri (Nimji), Gondkheri-Kalmeshwar Road, Tahsil-Kalmeshwar,	Nagpur, Maharashtra.
4	Plot No. 32-37, Udyog Deep Ind.Area, , Dist.-Sidhi,	Waidhan , Madhya Pradesh
5	Survey No.101, Warur Road, Tahsil-Rajura,	Chandrapur, Maharashtra.
6	Kh. No.5 Village-Mudapur, Tahsil-katgora,	Korba, Chattisgarh.
7	Plot No. 967 & 1156, Mouza Manua, Tahsil-Ramgarh Cant.,	Hazribagh, Jharkhand.
8	MIDC Plot No. B-11, Chandrapur (Tadali) Growth Center,	Chandrapur Maharashtra.
9	Kandra Industrial Area, plot No. C-32 (p) & C-33 (p),	Dhanbad, Jharkhand.
10	Mouza Barakuria, Plot No. 2/848, P.S.Asansol (North), Tahsil-Asansol,	Burdwan, West Bengal.
11	IDCO Plot No.27, Revenue Plot No.48(P), Village Ghontapada Industrial Estate Talcher,	Angul, Orissa.
12	KH. No.323/2, P.H.No.30, Mauza Chainpur, Tahsil-Manendragarh,	Koria, Chattisgarh.
13	Survey No.363, Kamanpur (mandal), Village Musthyala (A)	Karimnagar, Andra Pradesh
14	Mauza Behrapalli,Plot No: 389 & 392,	Jharsuguda, Orissa
15	Plot No.380(p),Khata no. 48Mauza Borghatta	P.O west Bokaro, Dist Ramgarh
16	Khasra No.975/2, Ganyar	Dist. Singrauli (M.P)
17	Khasra No.1459960, Village Rupaheli	Tahsil Harda, Dist Bhilwara



Address for correspondence

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

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

FOURTH LAYER GOVERNANCE OF MANAGEMENT PROCESS

LISTING AGREEMENT COMPLIANCES

Your Company is compliant with all the mandatory provisions of clause 49 of Listing Agreement and is committed to ensure compliance with amendments that may be proposed. The details of these Compliances have been given in relevant sections of this Report.

COMPLIANCE ON MATTERS RELATED TO CAPITAL MARKETS

We have complied with the requirements of the Stock Exchange and SEBI on matters related to Capital Markets, as applicable.

COMPLIANCE REPORT ON NON-MANDATORY REQUIREMENTS UNDER CLAUSE 49

The Board - Chairman's Office and tenure of Independent Directors

The Chairman of Solar is an Executive Director and this provision is not applicable to Solar. Company has prescribed Corporate Governance guidelines and ensures that the person who is being appointed as an Independent Director has the requisite qualification and experience which would be of use to the Company and which, in the opinion of the Company, would enable him to contribute effectively to the Company in his capacity as an Independent Director.

Remuneration Committee

The Board of Directors constituted Remuneration Committee, which is entirely composed of independent directors. The

Committee also discharges the duties and responsibilities as described under non-mandatory requirements of Clause 49. The details of the Remuneration Committee and its powers have been discussed in this Section of the Annual Report.

Shareholders rights

We display our quarterly and half yearly results on our web site, www.solarexplosives.com and also publish our results in widely circulated newspapers. We have not send half yearly results to the shareholders in the financial year 2009-10.

Audit Qualifications

The Auditors have not qualified the financial statements of the Company.

Disclosures by the Management

The Company has not entered into any transaction of material nature with the Promoters, the Directors or the Management, their subsidiaries or relatives, etc. that may have any potential conflict with the interests of the Company.

Warning against Insider Trading

Comprehensive guidelines in accordance with the SEBI Regulations in this regard, advising and cautioning the management, staff and other relevant business associates on the procedure to be followed while dealing with the securities of SIIL, are in place. The code of conduct and corporate disclosure practices framed by the company helped in ensuring compliance with requirement

SECRETARIAL STANDARDS COMPLIANCE:

Your Company is in substantial compliant with the Secretarial Standards issued by the Institute of Company Secretaries of India.

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

The Company has obtained the certificate from the auditors of the Company regarding compliance with the provisions relating to the Corporate Governance laid down in Clause 49 of the Listing Agreement with the stock exchanges. This report is annexed to the directors' report for the year 2009-10., and will be sent to the stock exchanges along with this annual report to be filed by the Company.

Declaration by Mr. Kailash Chandra Nuwal

I, Kailash Chandra Nuwal, Executive Director of Solar Industries India Limited hereby confirm pursuant to clause 49(1) (D) of the Listing agreement, that:

- The Board of Directors of SIIL has laid down a code of conduct for all the Board members and senior management of the Company. The said code of conduct has also been posted on Company's website www.solarexplosives.com.
- All the Board members and senior management personnel have affirmed their compliance with the said code of conduct for the year ended on 31st March 2010.

For **Solar Industries India Limited**
(Kailash Chandra Nuwal)
Director

Certificate by Chief Executive Officer (CEO) and Chief Commercial Officer (CCO)

We, Kundan Singh Talesra, Chief Executive officer and Manish Nuwal, Chief Commercial Officer of Solar Industries India Limited, certify:

1. That we have reviewed the financial statements and the cash flow statements for the year ended 31st March, 2010 and that to the best of our knowledge and belief:
 - These statements do not contain any materially untrue statement nor omit any material fact nor contain statements that might be misleading, and
 - These statements present a true and fair view of the company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
2. That there are, to the best of our knowledge and belief, no transactions entered into by the company during the year, which are fraudulent, illegal or violative of the Company's code of conduct;
3. That we accept responsibility for establishing and maintaining internal controls, we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps that we have or propose to take to rectify the identified deficiencies and
4. That we have informed the auditors and audit committee of:
 - i. significant changes in internal control during the year;
 - ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii. instances of significant fraud of which we have become aware and the involvements therein, if any, of the management or an employee having a significant role in the company's internal control system.

For **Solar Industries India Limited**
(K.S. Talesra) **(Manish Nuwal)**

Dated 24th May 2010

Certificate by the Auditors on Corporate Governance

Solar Industries India Limited

We have reviewed the records concerning the Company's compliance of the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement entered into by the Company with the Stock Exchanges of India for the financial year ended on 31st March, 2010.

The compliance of conditions of corporate governance is the responsibility of the management. Our review was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the corporate governance. It is neither an audit nor an expression of an opinion on the financial statements of the Company.

We have conducted our review on the basis of the relevant records and documents maintained by the Company and furnished to us for examinations and information and explanation given to us by the Company.

Based on such a review, and to the best of our information and according to the explanations given to us, in our opinion, the company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement of the Stock Exchanges of India.

We further state that such compliance is neither an assurance as to the future viability of the Company nor to the efficiency with which the management has conducted the affairs of the Company.

For and on behalf of

Gandhi Rathi Co
Chartered Accountants

(C.N.Rathi)
Partner, M.No. 39895



Auditor's Report to the Members of Solar Industries India Limited

1. We have audited the attached Standalone Balance Sheet of SOLAR INDUSTRIES INDIA LTD. as at 31st March, 2010, the Profit and Loss Account and Cash Flow Statement of the Company for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that :
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - (e) According to the information and explanations given to us and on the basis of written representations from Directors taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31st March, 2010 from being appointed as director under Section 274(1)(g) of the Companies Act, 1956.
 - (f) In our opinion and to the best of our information and according to the explanations given to us, and subject to our notes/observations brought out elsewhere in the report, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 - (b) in the case of the Profit and Loss Account of the Profit for the year ended on that date.
 - (c) in the case of Cash Flow Statement, of the Cash flows for the year ended on that date.

FOR GANDHI RATHI & CO.
CHARTERED ACCOUNTANTS

PLACE : NAGPUR
DATED : 24.05.2010

(C.N.RATHI)
PARTNER
M. No. 39895

Annexure Referred to in Paragraph 3 of the Auditors Report to the Members of Solar Industries India Ltd. on the Accounts for the Year Ended 31st March, 2010

- | | |
|--|--|
| <p>i) a) The Company has maintained proper records showing full particulars including quantitative details and location of its fixed assets.</p> <p>b) The Management has physically verified the fixed assets at reasonable intervals and no material discrepancies are reported to have been observed on such verification as compared to book records.</p> <p>c) As per the information and explanation given to us on our enquiries the disposal of assets during the year was not substantial so as to have an impact on the operations of the Company, or affect its going concern.</p> | <p>b) In our opinion, the rate of interest and other terms and conditions of such loan are, prima facie not prejudicial to the interest of the Company.</p> <p>c) The Company has repaid the principal amounts as stipulated and have been regular in the payment of interest.</p> <p>d) There is no overdue amount of such loan granted to aforesaid company.</p> <p>e) The Company has taken loan from companies covered in the register maintained under section 301 of the Act, and the year end balance of loans taken from such Companies was Rs. 1324.36 Lacs.</p> |
| <p>ii) a) The stocks of finished goods, work in process, stores, spare parts and raw materials have been physically verified by the Management during the year. In our opinion, the frequency of the verification is reasonable.</p> <p>b) In our opinion and according to the information and explanations given to us, the procedure of physical verification of the stocks followed by the Management were found reasonable and adequate in relation the size of the Company and the nature of its business.</p> <p>c) In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of inventory and the discrepancies noticed on verification between the physical stocks and the book stocks were not material in relation to the operations of the Company.</p> | <p>f) In our opinion, the rate of interest and other terms and conditions of loans taken by the Company are, prima facie not prejudicial to the interest of the Company.</p> <p>g) The Company is regular in repaying the principal amounts as stipulated and has been regular in the payment of interest.</p> |
| <p>iii) a) The Company has granted loan to companies covered in the register maintained under section 301 of the Companies Act, 1956, and the year end balance of loan granted to such Companies was Rs. 6044.30 Lacs.</p> | <p>iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and for the sale of goods & services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.</p> <p>v) a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in Sec. 301 of the Companies Act, 1956 have been entered in the register maintained under that section.</p> |



- b) In our opinion and according to the information and explanation given to us, the transactions made in pursuance of such contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi) The Company has not accepted fixed deposits from the public and consequently, the directives issued by the Reserve Bank of India, the provisions of Sections 58A, 58AA or any other relevant provisions of Act and the rules framed there under are not applicable.
- vii) In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
- viii) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956 in respect of services carried out by the Company.
- ix) a) According to the information and explanations given to us and according to the records of the Company, the Company is regular in depositing undisputed statutory dues including Provident Fund, Income-tax, Sales - tax, Service Tax, Excise Duty, Cess and any other statutory dues with the appropriate authorities. However, there are no arrears of such dues as at the close of the year concerned for a period of more than six months from the date they become payable.
- b) According to the information and explanation given to us, the dues of sales tax, income tax, customs, wealth tax, excise duty, cess which have not been deposited on account of disputes and the forum where the dispute is pending are as follows :-

Name of the statute	Nature of dues / demands	Amt (Rs.)	Forum where dispute is pending
Central Excise Act	Excise duty on to and fro freight collected on account of sales made to CIL subsidiaries treating it as additional consideration	30.71	CESTAT
	Excise duty on the benefits earned by the company due to premature payment of sales tax deferral liability	14.33	Commissioner (Appeals)
	Excise duty on Additional value of goods sold to associate concern alleging it as related person as per Central Excise Act	8.03	CESTAT
	Cenvat credit on service tax Paid for Job Work of soldering & crimping	4.93	Joint Commissioner Central Excise
	Excise Duty on assessable value of goods used in in-house testing	3.04	Supreme Court
	Cenvat Credit of Service tax paid on tour operator services	1.83	Commissioner (Appeals)
	Cenvat Credit of Service tax paid on workmen compensation	1.13	Commissioner (Appeals)
	Cenvat Credit of Service tax paid on outward transportation availed as credit	6.35	Commissioner (Appeals)

The Company neither has accumulated losses at the end of the financial year, nor incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

- xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution and bank.
- xii) According to the information and explanations given to us the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.



- xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/ society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xiv) The Company has maintained proper records of the transactions and contracts in respect of dealing of trading in shares, securities and other investments and timely entries have been made therein. All shares, securities and other investments have been held by the company in its own name.
- xv) In our opinion, the terms and conditions on which the Company has given guarantees for loans taken by others from banks or financial institutions are not prejudicial to the interest of the Company.
- xvi) To the best of our knowledge and belief and according to the information and explanations given to us, term loan availed by the Company were, prima facie, applied by the Company for the purposes for which the loans were obtained.
- xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that the no funds raised on short-term basis have been used for long-term investment.
- xviii) The Company has not made preferential allotment of shares during the year.
- xix) No debentures have been issued by the Company to create securities or charge.
- xxi) According to the information and explanations given to us no fraud on or by the Company has been noticed or reported during the course of our audit.

FOR GANDHI RATHI & CO.
CHARTERED ACCOUNTANTS

PLACE : NAGPUR
DATED : 24.05.2010

(C.N.RATHI)
PARTNER
M. No. 39895



BALANCE SHEET AS ON 31 ST MARCH, 2010 (Cartridge, Bulk and Accessories Division)

Amount in Rs. Lacs

PARTICULARS	Schedule	31.03.2010	31.03.2009
SOURCES OF FUNDS			
SHARE HOLDERS' FUND			
Share Capital	A	1732.38	1732.38
Reserves and Surplus	B	17499.64	15791.88
		19232.02	17524.26
LOAN FUNDS			
Secured Loans	C	6757.19	2933.54
Unsecured Loans	D	3501.53	4989.57
		10258.72	7923.11
DEFERRED TAX LIABILITY		1019.25	886.91
GRAND TOTAL		30509.99	26334.28
APPLICATION OF FUNDS			
FIXED ASSETS	E		
Gross Block		11541.69	10836.53
Less: Depreciation		2692.78	2060.78
Net Block		8848.91	8775.75
Capital Work-In-Progress		1580.70	276.11
Net Fixed Assets		10429.61	9051.86
INVESTMENTS	F	3562.38	2491.05
CURRENT ASSETS, LOANS & ADVANCES			
Inventories	G	3156.66	2018.11
Debtors and Other Debit Balances	H	7610.70	8818.62
Cash and Bank Balances	I	7381.46	6833.53
Loans and Advances	J	12892.81	10876.80
		31041.63	28547.06
Less: CURRENT LIABILITIES & PROVISIONS	K	14688.42	13862.42
Net Current Assets		16353.21	14684.64
MISCELLANEOUS EXPENDITURE (To The Extent Not Written Off)		164.79	106.73
GRAND TOTAL		30509.99	26334.28

Notes on Accounts as per Schedule
As per our report of even date annexed
For **Gandhi Rath & Co.**
Chartered Accountants

For and on behalf of the Board

C.N. Rath
Partner
M. No. 39895
Place : Nagpur
Date : 24.05.2010

K.C. Nuwal **Manish Nuwal**
Director Director

Khushboo Pasari
Company Secretary

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010 (Cartridge, Bulk and Accessories Division)

Amount in Rs. Lacs

PARTICULARS	Schedule	2009-2010	2008-2009
INCOME			
Sales	L	50185.51	45631.44
Less: Excise Duty		2583.36	3497.76
Net Sales		47602.15	42133.68
Other Income	M	2600.33	2865.42
TOTAL		50202.48	44999.10
EXPENDITURE			
Operating Expenses	N+O+P	43351.37	38469.59
Depreciation	E	632.00	489.39
Interest and Finance Charges	Q	1300.04	2303.02
TOTAL		45283.41	41262.00
PROFIT BEFORE TAXATION		4919.07	3737.10
Provision for Tax			
Current Tax		1687.39	925.36
Deferred Tax		132.33	118.37
Fringe Benefits Tax		0.00	21.41
Prior Period Taxes		-27.17	151.50
		1792.55	1216.64
PROFIT AFTER TAXATION		3126.52	2520.46
Balance Brought Forward		2805.74	2197.34
BALANCE AVAILABLE FOR APPROPRIATION		5932.26	4717.80
APPROPRIATION			
Interim Dividend		606.33	0.00
Proposed Dividend		606.33	779.57
Tax on Dividend		206.10	132.49
General Reserve		1000.00	1000.00
BALANCE C/F TO BALANCE SHEET		3513.50	2805.74
Basic Earnings Per Share Rs. (See Note No.2)		18.05	14.55

Notes on Accounts as per Schedule
As per our report of even date annexed
For **Gandhi Rath & Co.**
Chartered Accountants

For and on behalf of the Board

C.N. Rathi
Partner
M. No. 39895
Place : Nagpur
Date : 24.05.2010

K.C. Nuwal **Manish Nuwal**
Director Director

Khushboo Pasari
Company Secretary

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010**

PARTICULARS	2009-10		2008-09	
	(Rs.in lacs)	(Rs.in lacs)	(Rs.in lacs)	(Rs.in lacs)
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit Before Tax		4919.08		3737.10
Adjustments for :				
Depreciation	632.00		483.43	
Interest Expense	1300.04		2303.02	
		1932.04		2786.45
Operating Profit before working Capital Changes		6851.12		6523.55
(Increase)/Decrease in Sundry Debtors	1207.93		-4638.53	
(Increase)/Decrease in Inventories	-1138.55		1459.09	
(Increase)/Decrease in Loans & Advances	-2016.01		-5795.30	
Increase/(Decrease) in Sundry Creditors	825.99		12205.09	
		-1120.64		3230.35
Cash Generated from Operations		5730.48		9753.90
Deferred Tax	132.33		118.37	
Income Tax Paid	1687.39		1076.86	
Fringe Benefits Tax	0.00		21.41	
Prior period tax	-27.17		0.00	
		1792.55		1216.64
Net Cash from Operating Activities		3937.93		8537.26
B. CASH FLOW FROM INVESTING ACTIVITIES				
Increase in Fixed Assets	-2009.74		-2137.90	
Increase in Preoperative Expenses	-58.07		0.00	
Increase (+) in Investment	-1071.33		0.00	
Preliminary Expenses w/off	0.00		7.41	
Sale of Investments	0.00		78.50	
Net Cash from Investing Activities		-3139.14		-2051.99
C. CASH FLOW FROM FINANCING ACTIVITIES				
Bank CC Loan	3823.65		-257.38	
Decrease In Unsecured Loans	-1488.05		-1981.80	
Increase In Unsecured Loans	0.00		-1270.97	
Proposed Dividend	-606.33		-912.06	
Interim Dividend	-606.33		0.00	
Interest	-1300.04		-2303.02	
Deferred Tax	132.33		118.37	
Tax on Dividend	-206.09		0.00	
Net Cash from Financing Activities		-250.86		-6606.86
Net Increase in Cash & Cash equivalents		547.93		-121.59

Notes :

- 1) Cash & Cash equivalents at the beginning of period 6833.53
Cash & Cash equivalents at the end of period 7381.46
547.93
6955.12
6833.53
-121.59
- 2) The above cash flow statement has been prepared in accordance with the requirements of Accounting Standard 3 "Cash Flow Statement" issued by the Institute of Chartered Accountants of India.

Notes on Accounts as per Schedule

As per our report of even date annexed

For **Gandhi Rath & Co.**

Chartered Accountants

For and on behalf of the Board

C.N. Rath

Partner

M. No. 39895

Place : Nagpur

Date : 24.05.2010

K.C. Nuwal

Director

Manish Nuwal

Director

Khushboo Pasari

Company Secretary

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31.03.2010

Amount in Rs. Lacs

SCHEDULES	31.03.2010	31.03.2009
Schedule 'A'		
SHARE CAPITAL		
Authorised Share Capital		
270.00 Lacs Equity Shares of Rs. 10/- each	2700.00	2700.00
Issued and Subscribed and Paid up Capital		
173.24 Lacs Equity Shares of Rs. 10/- each	1732.38	1732.38
	1732.38	1732.38
Schedule 'B'		
RESERVES AND SURPLUS		
General Reserve	4660.83	3660.83
Profit & Loss Account	3513.50	2805.74
Profit and Loss Account - On Merger	1106.03	1106.03
CAPITAL RESERVES		
Share Premium	7790.33	7790.33
Capital Reserve on Consolidation	408.95	408.95
State Capital Incentive	20.00	20.00
	17499.64	15791.88
Schedule 'C'		
SECURED LOANS		
Cash Credit - Bank Of India	106.74	1312.95
Cash Credit - State Bank Of India	0.00	1404.33
Export Packing Credit - State Bank Of India	0.00	58.69
Term Loan - Development Bank Of Singapore	4119.23	0.00
Commercial Paper - Allahabad Bank	2500.00	0.00
Vehicle Loan	31.22	157.57
	6757.19	2933.54
Schedule 'D'		
UNSECURED LOANS		
From Financial Institutions :		
Short Term Loan - State Bank of Bikaner & Jaipur	0.00	1499.85
Export Packing Credit - Standard Chartered Bank	906.90	361.23
From Others :		
Sales Tax Deferral Loan	1270.26	1606.74
Others	1324.37	1521.75
	3501.53	4989.57

**SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31.03.2010****Schedule 'E'****SCHEDULE OF FIXED ASSETS**

Amount in Rs. Lacs

ASSETS	GROSS BLOCK AS ON 01.04.2009	ADDITIONS DURING THE YEAR	DEDUCTIONS DURING THE YEAR	GROSS BLOCK AS ON 31.03.2010	DEPRECIATION			NET BLOCK	
					UPTO 31.03.2009	DEDUCTIONS DURING THE YEAR	UPTO DURING THE YEAR	AS ON 31.03.2009	AS ON 31.03.2010
Land	283.26	54.07	0.00	337.33	0.00	0.00	0.00	283.26	337.33
Plot	20.35	0.00	0.00	20.35	0.00	0.00	0.00	20.35	20.35
Civil Construction	3249.58	115.82	0.00	3365.40	453.52	106.69	0.00	2796.06	2805.19
Office Building	90.26	0.00	0.00	90.26	10.67	1.47	0.00	79.59	78.12
Plant and Machinery	4883.25	86.45	0.00	4969.70	1045.87	231.66	0.00	3837.38	3692.17
Furniture and Fixture - Factory	58.90	0.00	0.00	58.90	14.58	4.36	0.00	44.32	39.96
Furniture and Fixture - Office	52.92	13.94	0.00	66.86	11.96	3.01	0.00	40.96	51.89
Office Equipments	334.82	39.64	1.78	372.68	109.16	48.21	0.00	225.66	215.31
Vehicles	1853.43	397.02	0.00	2250.45	415.02	236.60	0.00	1438.41	1598.83
Plantation	9.76	0.00	0.00	9.76	0.00	0.00	0.00	9.76	9.76
Total	10836.53	706.94	1.78	11541.69	2060.78	632.00	0.00	8775.75	8848.91

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31.03.2010

Amount in Rs. Lacs

SCHEDULES	31.03.2010	31.03.2009
Schedule 'F'		
INVESTMENTS		
LONG-TERM INVESTMENTS		
Quoted - At Cost	35.74	139.90
Unquoted - At Cost	3108.47	2307.55
SHORT-TERM INVESTMENTS		
Quoted - At lower of Cost or Market Value	418.17	43.60
	3562.38	2491.05
Schedule 'G'		
INVENTORIES (Valued at Cost)		
Raw Material and Packing Material	2715.46	1513.80
Traded Goods	6.29	50.24
Finished Goods	320.48	444.04
Semi-Finished Goods	107.84	7.08
Scrap	6.59	2.95
	3156.66	2018.11
Schedule 'H'		
DEBTORS & DEBIT BALANCES		
Trade Debtors (Secured, Considered Good)	0.00	1826.82
Trade Debtors (Unsecured, Considered Good)	7610.70	6991.80
	7610.70	8818.62
Schedule 'I'		
CASH AND BANK BALANCES		
Cash In Hand	39.76	39.01
Balance with Scheduled Banks	7341.70	6794.52
	7381.46	6833.53
Schedule 'J'		
LOANS AND ADVANCES		
Advances To Suppliers	1493.50	1066.96
Advances for Fixed Assets	318.92	60.31
Employee Advances	60.66	31.45
Balances With Revenue Authorities	2767.99	2180.08
Security & Other Deposits	216.00	250.65
Other Loans and Advances	8035.74	7287.35
	12892.81	10876.80

**SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31.03.2010**

Amount in Rs. Lacs

SCHEDULES	31.03.2010	31.03.2009
Schedule 'K'		
CURRENT LIABILITIES & PROVISIONS		
Creditors for Goods	11366.66	11335.52
Creditors for Expenses & Others	381.02	495.11
Customers' Advances	417.96	207.93
Creditors for Fixed Assets	68.55	82.75
Expenses Payable	492.56	587.49
Other Liabilities	1961.67	1153.62
	14688.42	13862.42
Schedule 'L'		
SALES		
Manufacturing Sales	39742.86	36905.61
Trading Sales	10153.22	8713.47
Other Sales	289.43	12.36
	50185.51	45631.44
Schedule 'M'		
OTHER INCOME		
Jobwork Charges	449.74	369.62
Interest on Loan	899.38	696.92
Interest on Bank deposits	349.29	417.31
Dividend Income	0.98	1.00
Other Income	62.25	1039.63
Profit On Sale of Investments	5.40	0.00
Usance Interest	833.29	340.94
	2600.33	2865.42
Schedule 'N'		
MATERIAL CONSUMED		
Raw Materials, Packing Materials & Consumables	21534.52	20004.56
Trading Goods	10104.09	8433.51
	31638.61	28438.07

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31.03.2010

Amount in Rs. Lacs

SCHEDULES	31.03.2010	31.03.2009
Schedule 'O'		
A) MANUFACTURING EXPENSES		
Power & Fuel	357.62	329.27
Repairs to Machinery	127.35	130.76
Repair to Civil, Vehicles & others	285.05	120.67
Insurance Expenses	143.20	136.34
Factory Expenses	69.81	38.99
Security Charges	52.50	36.84
Excise Duty	31.01	-32.66
Pump Truck Expenses	194.87	156.19
TOTAL A	1261.41	916.40
B) STAFF COSTS		
Salaries & Wages	1278.55	876.56
Bonus to Employees	33.77	44.21
Gratuity	20.84	11.68
Provident Fund Contribution	39.73	28.77
Staff Welfare Expenses	16.90	16.02
TOTAL B	1389.79	977.24
C) ADMINISTRATIVE EXPENSES		
Remuneration to Directors	292.82	108.90
Conveyance Expenses	67.65	56.40
Consultancy Charges	240.19	84.82
Telephone Expenses	30.08	24.17
Printing & Stationery	29.19	20.82
Office Expenses	29.54	15.98
I.T. Expenses	46.18	28.37
Rent, Rates & Taxes	159.48	64.62
Donations	66.67	12.26
Audit Fees	16.00	10.61
Postage and Courier Charges	8.83	4.11
Legal Expenses	6.31	13.05
Internal Audit Fees	5.95	5.10
Miscellaneous Expenses	8.14	15.44
Directors' Sitting Fees	4.05	1.90
TOTAL C	1011.08	466.55

**SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31.03.2010**

Amount in Rs. Lacs

SCHEDULES	31.03.2010	31.03.2009
Schedule 'O' (Contd.)		
D) SELLING & DISTRIBUTION EXPENSES		
Transportation Expenses	567.32	468.04
Export Expenses	2104.62	1976.39
Bad Debts	521.09	968.48
Sales Tax	3374.81	2710.06
Sales / Agency Commission	566.60	494.60
Travelling Expenses	219.66	133.53
Sales Promotion Expenses	70.37	17.61
Discount & Settlement Expenses	540.91	562.11
Misc Sales Expenses & Freight Out	55.81	52.45
Advertisement Expenses	10.13	0.00
TOTAL D	8031.32	7383.27
TOTAL A+B+C+D	11693.60	9743.46
Schedule (N+O)	43332.21	38181.53
Schedule 'P'		
(INCREASE) / DECREASE IN STOCKS	19.16	288.06
Total Operating Expenses (N+O+P)	43351.37	38469.59
Schedule 'Q'		
INTEREST AND FINANCE CHARGES		
Interest on Term Loan & Vehicle Loan	8.56	22.25
Interest on Cash Credit	667.95	839.32
Interest Charges - Others	150.60	102.89
Bank Charges	331.52	382.62
Foreign Exchange Fluctuation - Loss	116.71	867.89
Derivative and Other Losses	10.24	10.61
Short Term Loss on Shares	-17.71	56.78
Long Term Loss on Shares	32.17	20.66
	1300.04	2303.02

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

1. Accounting Convention

The financial Statements are prepared on the accrual basis under the historical cost convention, in accordance with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956.

2. Fixed Assets / Depreciation

Fixed Assets are stated at cost net of cenvat / value added tax less accumulated depreciation.

Depreciation for the year is computed on the straight line method as per the rates prescribed in Schedule XIV to the Companies Act, 1956

3. Impairment of Assets

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to the profit and loss account in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if there has been change in the estimate of recoverable amount.

4. Use of Estimates

The preparation of financial statements require estimates and assumption to be made that affect the reported amount of assets and liabilities on the date of the financial statement and reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known / materialised.

5. Revenue Recognition

Revenue from Sales of product is recognized when the products are dispatched against the orders from customers in accordance with the contract terms.

6. Investments

Trade investments are the investment made to enhance the groups business interest. Investments are either classified as current or long term based on the managements intention at the time of purchase.

Current investment are carried at the lower of cost and fair value. Long term investments are carried at cost and provisions recorded to recognize any decline, other than temporary, in the carrying value of each investment .

7. Inventories

Finished goods, traded items, raw material, packing material and work-in-process are valued at the lower of cost or net realisable value. Cost includes an appropriate portion of manufacturing overheads, where applicable. Finished goods & Semi Finished Goods are valued inclusive of Excise duty.

8. Foreign Currency Transactions

Outstanding foreign currency assets and liabilities are translated at the exchange rate Prevailing as on Balance Sheet date or forward cover rates, as the case may be. Gains or losses on cancellation of forward exchange contracts and relating to the acquisition of fixed assets are adjusted to the cost of such fixed assets and those related to other account are recognized in the Profit and Loss Account under respective heads of accounts. The difference between the forward rate and the exchange rate at the date of transaction is recognized as income or expenses over the life of contract.

9. Borrowing Costs

Borrowing Costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. All other borrowing cost are charged to revenue.

10. Retirement Benefit

Contributions to Provident Fund are deposited with the appropriate authorities and charged to the Profit and Loss Account as incurred. The Company has made provision for gratuity based on 15 days' salary for each completed year of service.

11. Taxation

a. Provision is made for both current & deferred taxes. Current tax is provided on the taxable



income using the applicable tax rate & tax laws.

- b. The Deferred tax for timing differences is accounted for using the tax rates & laws that have been enacted or substantively enacted by the balance sheet date and is accrued with Accounting Standard 22-“Accounting for taxes on income” issued by the ICAI which includes current and deferred taxes.
- c. Deferred tax Assets arising from timing differences are recognised only on the consideration of prudence and are reviewed at each Balance Sheet date.

12. Capital Work-In-Progress

The cost of assets not put to use before the year end, are disclosed under capital work-in-progress.

13. Insurance Claims

Insurance and other claims to the extent considered recoverable are accounted for in the year of claim based on the amount assessed by the surveyor. However, claim and refunds whose recovery can not be ascertained with reasonable certainty, are accounted for on acceptance / actual receipts basis

14. Provision, Contingent Liabilities and Contingent Assets

Provision involving substantial degree of estimation in measurement are recognized when there is present

obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statement.

15. Leases

The Company's significant leasing arrangements are in respect of operating leases for premises (residential, office, Stores, Godowns etc.). The leasing arrangement which are not cancelable range between 11 months and five years generally, and are usually renewable by mutual consent on agreed terms. The aggregate lease rentals payable are charged as rent including lease rentals.

16. Export Incentives

Export benefits under various scheme announced by the Central Government under Exim Policy are accounted on accrual basis to the extent considered receivable depending on the certainty of receipts.

17. Sales Tax Deferrment at NPV basis

The company is having sales tax deferments benefits from Government of Maharashtra. Sales Tax Deferments shown as liability at Net Present Value basis.

NOTES TO THE ACCOUNTS

1. Contingent Liability

01	In respect of of counter guarantees given to Bank	Rs.	3701.43 Lacs
02	In respect of Excise matters in dispute / under Appeal	Rs.	140.74 Lacs
03	In respect of Sales Tax Deferment	Rs.	3233.17 Lacs
	Payable as per NPV basis - 1117.17 Lacs		

2. Earning Per Share

Basic earning per share has been reported as per Accounting Standards – 20 relating to “Earning per share” which have been computed by dividing net profit after tax by the weighted average no of shares outstanding for the period as under

	31.03.2010
Net Profit for the year attributable to equity shareholders (Rupees)	31,26,52,633.86
Weighted Average No of Shares	1,73,23,816
Earning per Share (Rupees)	18.05

There are no potential equity shares as on 31.03.2010 and accordingly the diluted Earning per share is the same as Basic Earning per Share.

3. Information pursuant to provisions of paragraph 3 and 4 of part II of schedule VI to the Companies Act, 1956 :-

A) CAPACITY & PRODUCTION

i) INSTALLED CAPACITY

Cartridge Explosives	76600	Tones
Detonators	62.50	Million Nos.
Detonating Fuse	39	Million Mtrs.
PETN	1100	M.T.
Cast Booster	1500	M.T.
Speciality Chemicals	1080	M.T.
Site Mixed (Emulsion) Explosives	174430	M.T.

ii) LICENCED CAPACITY

Cartridge Explosives	76600	Tones
Detonators	50	Million Nos.
Detonating Fuse	39	Million Mtrs.
PETN	1100	M.T.
Cast Booster	1500	M.T.
Speciality Chemicals	1080	M.T.
Site Mixed (Emulsion) Explosives	174430	M.T.

iii) PRODUCTION

Cartridge Explosives	54070.121	M.T.
Detonators	10.550	Million Nos.
Detonating Fuse	29.680	Million Mtrs.
PETN	381.010	M.T.
Cast Booster	184.321	M.T.
Specialty Chemicals	1054.779	M.T.
Site Mixed (Emulsion) Explosives	57857.492	M.T.

**B. TURNOVER & STOCKS****i) TURNOVER**

Product	Quantity	Value (In Lacs)
Cartridge Explosives	54171.036 M.T.	39742.87
Detonators	10.509 Million Nos.	
Detonating Fuse	30.581 Million Mtrs.	
Others	757.636 M.T.	
Scrap & By Product	703.522 M.T.	
	2481.00 Nos.	10442.65
Site Mixed Emulsion Explosives	57857.492 M.T.	
Trading Activities :		
Ammonium Nitrate	44884.50 M.T.	
Others	854.166 M.T.	

ii) CLOSING STOCK (Finished goods & Scrap)

Product	Quantity	Value (In Lacs)
Cartridge Explosives	628.277 M.T.	134.15
Detonators & Accessories	0.729 Million Nos.	62.75
Detonating Fuse	4.558 Million Mtrs.	92.24
Others	29.020 M.T.	31.33
Scrap & By Product	193.764 M.T.	6.58
	952.000 NOS	

C. RAW MATERIAL AND PACKING MATERIAL**i) CONSUMPTION**

Product	Quantity	Value (In Lacs)
Raw material (Cartridge Explosives)	49149.987 M.T.	21347.00
Raw Material (Site mixed)	48050.930 M.T.	
Raw material (Detonators)	20.12 Millon No.	
	7.54 Million Mtr	
	39.14 M.T.	
Detonating Fuse	518.036 M.T.	
Other	1727.448 M.T.	
Packing material	1345.657 M.T.	7.35 Million No
	7.35 Million No	

ii) CLOSING STOCK

Product	Quantity	Value (In Lacs)
Raw material (Cartridge Explosives)	3037.587 M.T.	2524.54
Raw Material (Site Mixed)	12647.070 M.T.	
Raw material (Detonators)	0.445 Million No	
	0.010 Million Mtrs.	
	1.122 M.T.	
Detonating Fuse	70.943 M.T.	
Other	163.157 M.T.	
Packing material	120.476 M.T.	1.942 Million No
	1.942 Million No	

**4. A.C.I.F. Value of Imports**

i) Raw Material	Rs.	14781.87 Lacs
ii) Capital Goods	Rs.	255.82 Lacs

B. Earning in Foreign Exchange

Export of Goods calculated on FOB basis	Rs.	4132.63 Lacs
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C. Expenditure in Foreign Currency

On account of Bank Interest	Rs.	287.87 Lacs
On account of Professional Charges	Rs.	29.67 Lacs
On account of Sales Commission	Rs.	297.38 Lacs
On account of Ocean Freight	Rs.	1636.00 Lacs
On account of Misc Sales Exp.	Rs.	1.68 Lacs
On account of Travelling Expenses	Rs.	7.50 Lacs
On account of Membership & Subscriptions	Rs.	0.84 Lacs
On account of Export other clearing charges	Rs.	18.65 Lacs
On account of Factory Expenses	Rs.	1.05 Lacs
On account of Preoperative Expenses	Rs.	91.62 Lacs
On account of Other Misc. Expenses	Rs.	0.13 Lacs
On account of Office Expenses	Rs.	0.98 Lacs
On account of Discount given on sales	Rs.	5.81 Lacs
On account of Bank Charges	Rs.	2.46 Lacs
On account of Sales Promotion Expenses	Rs.	43.71 Lacs

5. Related party disclosures required as per AS-18 on 'Related Parties disclosures' issued by the Institute of Chartered Accountants of India, are below for the year ended on 31.03.2010

1. Holding Company: : NIL
2. Subsidiaries :
 - a) Economic Explosives Limited.
 - b) Solar Components Private.Limited
 - c) Solar Mines & Minerals Ltd
 - d) Solar Mining Resources Ltd
 - e) Navbharat Coalfields Ltd.
3. Fellow Subsidiaries : NIL
4. Overseas Subsidiaries :
 - a) Solar Nitrochemicals Limited *
 - b) Solar Nigachem Nigeria Limited *
 - c) PT.Solar Mining Resources *
 - d) Solar Recursos Minerals LDA *
 - e) Solar Industrias Mocambique LDA *
 - f) Solar Agro Florestal LDA *
 - g) Solar Overseas Mauritius Limited
 - h) Solar Overseas Netherlands Cooperatie U.A.
5. Associates :
 - a) Solar Synthetics Private Limited
 - b) Commercial Sales Corporation
 - c) Mahakal Infrastructures Private Limited



- d) Mahakal Projects Private Limited
- e) Nagpur Infrastructure Pvt. Ltd.
- f) Solar Bhatgaon Extension Mines Pvt. Ltd.
- g) SMS Bhatgaon Mines Extension Pvt. Ltd.
- h) Bhatgaon Extension Mines Pvt. Ltd.
- i) Bhatgaon Mines Pvt. Ltd.
- j) Sunbeam Explosives Ltd.
- k) Sunrise Explosives Ltd.
- l) Solar Initiating Systems Ltd.
- m) Madanpur North Coal Fields Ltd.
- n) Solar Processors Ltd.
- o) Solar Explochem Zambia Limited
- p) Solar Mining Services Pty. Limited
- q) Solar Overseas Singapore Pte Limited

*Note : The Company has not commenced any business operations, hence financial performance is not available.

- 6. Key Management Personnel** :
- a) Shri.S.N.Nuwal
 - b) Shri K.C.Nuwal
 - c) Shri Manish Nuwal
 - d) Shri K.S. Talesra
 - e) Shri R.D.Vakil

(Rs. In Lacs)

Particulars	Subsidiaries	Associates	Key Management Personnel	Total
Sale of Goods	348.90	277.60	-	626.50
Purchase of Materials	1465.90	31.41	-	1497.31
Services Received	459.32	43.52	-	502.84
Services Rendered	449.73	-	-	449.73
Remuneration	-	-	292.82	292.82
Loan Given	415.51	5628.79	-	6044.30
Loan Taken	728.76	595.60	-	1324.36
Interest Received	42.21	689.86	-	732.07
Interest Paid	121.32	28.82	-	150.14
Balance Outstanding	-63.63	271.15	-	207.52

7. Investment in Shares of subsidiary Companies in the year ended 31st March 2010

(Rs. In Lacs)

1. Economic Explosives Ltd.	1218.84
2. Solar Overseas Mauritius Ltd..	691.31
3. Solar Components Pvt.Ltd	230.80
4. Solar Mines & Minerals Ltd	2.55
5. Navbharat Coalfields Ltd.	800.00

6.	Solar Mining Resources Ltd	2.55
7.	Solar Recursos Minerals LDA	0.37
8.	Solar Industrias LDA	0.37
9.	Solar Agro Florestal LDA	0.37

During the year the company has formed two new overseas subsidiaries :

- i) Solar Overseas Mauritius Limited
- ii) Solar Overseas Netherlands Cooperatie U.A.

8. Employee retirement benefits

Contributions to Provident Fund are deposited with the appropriate authorities and charged to the Profit and Loss Account as incurred. The Company has made provision for gratuity based on 15 days' salary for each completed year of service.

9. As regards the Accounting Standard 17 'Segment Reporting' there are two business segments, one is manufacturing and trading of explosives and other is trading of Ammonium Nitrate.

(Rs. In Lacs)

Particulars	SIIL STANDALONE			
	Audited Quarter ended		Audited Year ended	
	31-03-2010	31-03-2009	31-03-2010	31-03-2009
1. Segment Revenue				
a. Explosives	10726.26	10374.81	37143.41	34172.14
b. Trading	1877.91	3081.66	9544.67	7961.54
c. Others	1303.46	1134.77	1662.39	1397.39
Total	13907.63	14591.24	48350.47	43531.07
Less: Inter segment revenue	0.00	0.00	0.00	0.00
Revenue from Sales & other Income and exchange fluctuation gains	13907.63	14591.24	48350.47	43531.07
2. Segment Results				
Profit/(loss) (before tax and interest from each segment)	780.01	1474.12	4579.57	5164.81
a. Explosives	12.46	(519.11)	(212.46)	(592.72)
b. Trading				
Total	792.47	955.01	4367.11	4572.09
Less:				
(i) Interest paid	170.99	686.67	1300.04	2303.02
(ii) Other un-allocable expenditure net off un-allocable income	(722.22)	(784.87)	(1852.01)	(1468.03)
Total Profit Before Tax	1343.70	1053.21	4919.08	3737.10
3. Capital Employed				
a. Explosives	26782.81	23736.50	26782.81	23736.50
b. Trading	0.00	0.00	0.00	0.00
c. Others	0.00	0.00	0.00	0.00
Total	26782.81	23736.50	26782.81	23736.50



10. Sales Tax Provision at NPV basis of Rs.353.81 Lacs is included in Sales Tax Expenses.

11. PAYMENT MADE TO AUDITORS :

- i) As Audit fees - Rs.16.00 Lacs
- ii) Legal matters - Rs. 5.42 Lacs
- iii) As VAT Audit Fees - Rs. 1.25 Lacs

12. In earlier year the Company has supplied explosives to Coal India Ltd from 01.03.06 to 30.06.06 as per old rate contract rates on confirmation from Coal India Ltd that new rate contract will be issued effective from 01.03.06 Coal India Ltd has issued new rate contract w.e.f 29.07.06 without covering the period From 01.03.06 to 30.06.06. The Company has protested and now this is sub Juidice at Hon.Calcutta High Court on the ground that since no rate contract has been issued for 01.03.06 to 30.06.06.so rates of old rate contract shall be applied.During the year Hon. Calcutta High Court has given an order asking Bank Guarantee against such deductions and company has submitted the same which is included in contingent liability. The court has passed an order for release of payment against Bank Guarantee for Cartridge & Accessories Division only and allowed full deduction for Bulk Division pending final decision in the matter by the Hon.Calcutta High Court.

13. During the year company has written off bad debts of Rs. 521.09 Lacs.

14. During the year company has traded Ammonium Nitrate of Rs 9544.67 Lacs.

15. Company has made investment during 2008-09 in two SPV companies along with SMS Infrastructure Pvt. Ltd. to enter into Joint Venture with CMDC for mining work and seprate Joint venture companies is formed in which the stake of CMDC is 51%. The stake of Solar Industries India ltd. in SPV Company is as follows.

Solar Bhatgaon Ext.Mines Pvt.Ltd.	49%
SMS Bhatgaon Mines Extension Pvt.Ltd.	49%

16. Company has raised ECB for itsexpansion project of domestic as well as

overseas USD 9 Million (Rs 41,19,22,500/-) from DBS Bank Singapore. The proposed utilization of this fund will be 3 Million USD in overseas JV/WOS. The ECB is approved by RBI under automatic route. Balance 6 Million will be used in Domestic expansion work.

17. Company got rated P1+ for Short term Borrowings/ Commercial Paper. Company has issued Commercial Papers by earmarking existing working capital limits of State Bank of India & Bank of India worth Rs. 25 crore from Allahabad Bank.

18. During the year the Company has invested \$ 1500000 in its foreign subsidiary Solar Overseas Mauritius Ltd

19. Solar Overseas Mauritius has invested \$ 500000 in Solar Overseas Netherland.

20. During the year the Company has executed the turnkey project of installation of Bulk Explosive Manufacturing Project of Rs. 277.60 Lacs for its associate company Solar Explochem Zambia Ltd.

21. During the year the Company has provided Rs. 746.95 Lacs against Powder Factor deductions for its supplies of explosives to Coal India Ltd.

22. Sundry Creditor includes outstanding balance of M/s Transmmonia AG Rs. 7828.72 Lacs which includes payment outstanding against Buyers Credit is Rs. 5246.31 Lacs.

23. POWER CONSUMPTION

Electricity consumption : 3942211 Units

24. Some of the customers and suppliers accounts are pending for confirmation/reconciliation and the same have been taken as per the balances appearing in the books. Any differences arising on account of such reconciliations, which are not likely to be material, will be accounted for as and when these reconciliations are completed.

25. Capital work in progress in Fixed Assests

Company has got status of "Mega Project" from Government of Maharashtra. Company has made investment in Fixed Assets. Project work is not completed, hence shown under Capital WIP.

Civil Construction worth Rs. 522.12 Lacs, Plant & Machinery worth Rs. 823.53, Electric Installation worth Rs. 97.06 Lacs, and other work in progress Rs. 137.98 Lacs.

26. Debtors considered good

Over 06 months old	Rs. 991.08 Lacs
Others	Rs. 6619.61 Lacs
Total	Rs. 7610.69 Lacs

- 27.** Excise Duty shown under expenditure represents the aggregate of Excise Duty borne by the Company and the difference between Excise Duty on the Opening and Closing Stock of Finished Goods.
- 28.** Sundry Creditors for goods and expenses include dues to Small Scale Industrial Undertakings aggregating to Rs. 20.47 Lacs The names of Small Scale Industrial Undertakings (to the extent of information available with the management) to whom the Company owes a sum exceeding Rs. 1 Lacs each Basic Chemical Industry, Kalinga Wrappers, Sunrise Technologies. None of the aforesaid outstanding are due for payment as at 31st March, 2010.
- 29.** Export Incentive receivable under duty free credit entitlement included under the head Loans & Advances is pending due to disposal for some

procedural aspects with Government. Shortfall / excess if any will be taken into accounts as and when it is determined.

- 30.** Disclosure as required by Accounting Standard 19 "Leases" issued by the institute of Chartered Accounts of India are given below:

Being the Company is Lessee:

- (i) The Company's significant leasing arrangements are in respect of godowns / residential / office premises (including furniture and fittings therein, as applicable). The aggregate lease rental payable are charged to Profit and Loss Account as Rent.
- (ii) The Leasing arrangements, which are cancelable at any time on month to month basis and in some cases between 11 months to 5 years, are usually renewable by mutual consent on mutually agreeable terms. Under these arrangements generally refundable interest free deposits have been given.
- 31.** All known liabilities have been taken into consideration.
- 32.** The previous years figures have been regrouped/ reclassified where necessary, to conform to the current year's presentation.

For **Gandhi Rath & Co.**
Chartered Accountants

C.N. Rathi
Partner
M. No. 39895
Place : Nagpur
Date : 24.05.2010

For and on behalf of the Board

K.C. Nuwal **Manish Nuwal**
Director Director

Khushboo Pasari
Company Secretary

**ANNEXURE TO NOTES ON ACCOUNT NO.6 - SCHEDULE VI PART REQUIREMENT**

[vide GSR No. 388 (E) Dt. 15.5.95 and press Note No. 2/95 (No. 3/24/94/CL-V) Dt. 18.7.95]

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**I. Registration Details**

Registration No.	8585878	State Code:	11
Date of Balance sheet	31.03.2010		

II. Capital Raised during the year :

Public Issue	NIL	Right Issue	NIL
Bonus Issue	NIL	Private placement	NIL

III. Position of Mobilisation & Development of Funds :

Total Liabilities	3050998523	Total Assets	3050998523
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A) Sources of Funds

Paid up Capital	173238160	Reserve & Surplus	1749964396
Secured Loans	675718627	Unsecured Loans	350152793
Deferred Tax Liability	101924547		

B) Application of funds

Net Fixed Assets	1042960561	Investments	356237575
Net Current Assets	1635320898	Misc. Expenses	16479488

IV. Performance of the Company

Total Turnover	5020248184	Total Expenditure	4528340496
Profit Before Tax	491907688	Profit After Tax	312652634
Earning per share In Rs.	18.05	Dividend Rate %	35.00

V. Generic Names of Three Principal Products/Services of the company (As per Monetary Terms)

* Item Code No.	360200.00	* Product Description	Slurry/Emulsion Explosives
* Item Code No.	360300.00	* Product Description	Detonator / D.F.
* Item Code No.	N.A.	* Product Description	N.A.

In terms of the publication Indian Trade classification by Ministry of Commerce, D.G. of Commercial Intelligence & Statistics, Kolkata - 770 001.

DETAILS OF SUBSIDIARY COMPANIES

(Rs. in Lacs)

Name of Subsidiaries Particulars	Economic Explosives Ltd.	Solar Component Pvt Ltd .	Solar Mines & Minerals Ltd.	Navbharat Coalfields Limited Raipur	Solar Mining Resources Limited	Solar Overseas Mauritius Limited	Solar Overseas Netherlands Cooperatie U.A
	INR	INR	INR	INR	INR	INR	INR
Reporting Currency	INR	INR	INR	INR	INR	INR	INR
Exchange Rate							
Capital	480.00	82.00	5.00	5.02	5.00	691.31	691.08
Reserves	8191.08	785.19	0.00	0.00	0.00	0.00	0.00
Total Assets	10282.36	894.22	47.57	372.92	5.00	691.31	691.08
Total Liabilities	10282.36	894.22	47.57	372.92	5.00	691.31	691.08
Details of Investment (Except investment in subsidiaries)	6.10	0.00	0.00	191.80	0.00	691.08	230.44
Turnover	9955.60	1990.24	0.00	0.00	0.00	0.00	0.00
Profit before Taxation.	3894.36	265.40	0.00	0.00	0.00	0.00	0.00
Provision for Taxation	1339.57	87.34	0.00	0.00	0.00		
Profit after Taxation	2554.79	178.06	0.00	0.00	0.00	0.00	0.00
Proposed Dividend.	0.00	0.00	0.00	0.00	0.0	0.0	0.0

1. Your Company has received approval from the Government of India, Ministry of Company Affairs granting an exemption from attaching the audited accounts of the subsidiaries to this Annual Report for the financial year ended March 31, 2010 vide their letter No. 47/603/2010-CL-III.

- Solar Nitrochemicals Limited *
- Solar Nigachem Nigeria Limited *
- PT.Solar Mining Resources *
- Solar Recursos Minerals LDA *
- Solar Industrias LDA *
- Solar Agro Florestal LDA *

Note : The Company has not subscribed to the Capital and as the Company has not commenced its business operations, financial performance is not available

K.C. Nuwal Director	Manish Nuwal Director	Mrs. Khushbo Pasari Company Secretary
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Solar Industries India Limited



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Auditor's Report to the Members of Solar Industries India Limited

1. We have audited the attached Consolidated Balance Sheet of Solar Industries India Limited, as at 31ST March, 2010, the Consolidated Profit and Loss Account and Cash Flow Statement of the Company for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that :
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report are in agreement with the books of account;.
 - (d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - (e) According to the information and explanations given to us and on the basis of written representations from Directors taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31st March, 2010 from being appointed as director under Section 274(1)(g) of the Companies Act, 1956.
 - (f) In our opinion and to the best of our information and according to the explanations given to us, and subject to our notes/observations brought out elsewhere in the report, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 - (b) in the case of the Profit and Loss Account of the Profit for the year ended on that date.
 - (c) in the case of Cash Flow Statement, of the Cash flows for the year ended on that date.

**FOR GANDHI RATHI & CO.
CHARTERED ACCOUNTANTS**

(C.N.RATHI)
PARTNER
M. No. 39895

PLACE : NAGPUR
DATED : 24.05.2010

**CONSOLIDATED BALANCE SHEET AS ON 31 ST MARCH, 2010**

(Amount Rupees in Lacs)

PARTICULARS	Schedule	31.03.2010	31.03.2009
SOURCES OF FUNDS			
SHARE HOLDERS' FUND			
Share Capital	A	1732.38	1732.38
Reserves and Surplus	B	24792.00	20351.38
		26524.38	22083.76
LOAN FUNDS			
Secured Loans	C	7975.58	3459.58
Unsecured Loans	D	2792.25	3714.91
Minority Interest		6.21	6.21
		10774.04	7180.70
DEFERRED TAX LIABILITY		1419.66	1281.53
GRAND TOTAL		38718.08	30545.99
APPLICATION OF FUNDS			
FIXED ASSETS	E		
Gross Block		15133.47	14457.16
Less: Depreciation		3657.38	2872.41
Net Block		11476.09	11584.75
Capital Work-In-Progress		2083.61	393.63
Net Fixed Assets		13559.70	11978.38
INVESTMENTS	F	1044.67	440.97
CURRENT ASSETS, LOANS & ADVANCES			
Inventories	G	3795.09	2764.05
Debtors and Other Debit Balances	H	8977.02	10316.89
Cash and Bank Balances	I	9397.83	7293.85
Loans and Advances	J	16844.12	12221.50
		39014.06	32596.29
Less: CURRENT LIABILITIES & PROVISIONS	K	15304.37	14751.41
Net Current Assets		23709.69	17844.88
MISCELLANEOUS EXPENDITURE		404.02	281.76
(To The Extent Not Written Off)			
GRAND TOTAL		38718.08	30545.99

Notes on Accounts as per Schedule
As per our report of even date annexed
For **Gandhi Rath & Co.**
Chartered Accountants

For and on behalf of the Board

C.N. Rath
Partner
M. No. 39895
Place : Nagpur
Date : 24.05.2010

K.C. Nuwal **Manish Nuwal**
Director Director

Khushboo Pasari
Company Secretary

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

(Amount Rupees in Lacs)

PARTICULARS	Schedule	2009-2010	2008-2009
INCOME			
Sales	L	59019.31	53037.94
Less: Excise Duty		3277.93	4258.81
Net Sales		55741.38	48779.13
Other Income	M	2598.79	2599.09
TOTAL		58340.17	51378.22
EXPENDITURE			
Operating Expenses	N+O+P	47140.39	41804.89
Depreciation	E	784.96	621.84
Interest and Finance Charges	Q	1335.98	2348.49
TOTAL		49261.33	44775.22
PROFIT BEFORE TAXATION		9078.84	6603.00
Provision for Tax			
Current Tax		3095.81	1887.00
Deferred Tax		138.13	136.79
Fringe Benefits Tax		0.00	26.57
Prior Period Taxes		-14.47	139.01
		3219.47	2189.37
PROFIT AFTER TAXATION		5859.37	4413.63
Balance Brought Forward		6017.12	4515.55
BALANCE AVAILABLE FOR APPROPRIATION		11876.49	8929.18
APPROPRIATION			
Interim Dividend		606.33	0.00
Proposed Dividend		606.33	779.57
Tax on Dividend		206.09	132.49
General Reserve		2000.00	2000.00
BALANCE C/F TO BALANCE SHEET		8457.74	6017.12
Basic Earnings Per Share Rs.		33.82	25.48

Notes on Accounts as per Schedule
As per our report of even date annexed
For **Gandhi Rath & Co.**
Chartered Accountants

For and on behalf of the Board

C.N. Rath
Partner
M. No. 39895
Place : Nagpur
Date : 24.05.2010

K.C. Nuwal **Manish Nuwal**
Director Director

Khushboo Pasari
Company Secretary

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED ON MARCH 31, 2010**

(Amount Rupees in Lacs)

PARTICULARS	2009-2010	2008-2009
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax	9078.84	6603.00
Adjustments for :		
Depreciation	784.96	615.89
Interest Expense	1335.98	2348.49
	2120.94	2964.38
Operating Profit before working Capital Changes	11199.78	9567.38
(Increase)/Decrease in Sundry Debtors	1339.87	-5295.76
(Increase)/Decrease in Inventories	-1031.05	1536.75
(Increase)/Decrease in Loans & Advances	-4622.61	-6384.91
Increase/(Decrease) in Sundry Creditors	552.96	12830.27
	-3760.84	2686.35
Cash Generated from Operations	7438.94	12253.73
Deferred Tax	138.14	136.79
Income Tax Paid	3095.81	2026.01
Fringe Benefits Tax	0.00	26.57
Prior period tax	-14.47	0.00
	3219.47	2189.37
Net Cash from Operating Activities	4219.47	10064.36
B. CASH FLOW FROM INVESTING ACTIVITIES		
Increase in Misc Expenditure	-122.26	-116.57
Addition in Fixed Assets	-2366.29	-2866.15
Investment	-603.70	58.39
Net Cash from Investing Activities	-3092.24	-2924.33
C. CASH FLOW FROM FINANCING ACTIVITIES		
Accumulated Deferred Tax Liability	138.14	136.79
Proposed Dividend	-606.33	-779.57
Interim dividend	-606.33	0.00
Tax on dividend	-206.09	-132.49
Interest Expense	-1335.98	-2348.49
Bank Loan-Secured-CC	-1842.99	-2299.14
Unsecured Loans	-922.66	-1346.77
Secured Loans	6359.00	-316.86
Net Cash from Financing Activities	976.74	-7086.53
Net Increase in Cash & Cash equivalents	2103.97	53.51
Notes :		
1) Cash & Cash equivalents at the beginning of period	7293.85	7240.34
Cash & Cash equivalents at the end of period	9397.82	7293.85
	2103.97	53.51

- 2) The above cash flow statement has been prepared in accordance with the requirements of Accounting Standard 3 "Cash Flow Statement" issued by the Institute of Chartered Accountants of India.

Notes on Accounts as per Schedule

As per our report of even date annexed

For **Gandhi Rath & Co.**

Chartered Accountants

For and on behalf of the Board

C.N. Rath

Partner

M. No. 39895

Place : Nagpur

Date : 24.05.2010

K.C. Nuwal

Director

Manish Nuwal

Director

Khushboo Pasari

Company Secretary

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31.03.2010

(Amount Rupees in Lacs)

SCHEDULES	31.03.2010	31.03.2009
Schedule 'A'		
SHARE CAPITAL		
Authorised Share Capital	2700.00	2700.00
270.00 Lacs Equity Shares of Rs. 10/- each		
Issued and Subscribed and Paid up Capital	1732.38	1732.38
173.24 Lacs Equity Shares of Rs. 10/- each		
	1732.38	1732.38
Schedule 'B'		
RESERVES AND SURPLUS		
General Reserve	7706.58	5706.58
Profit & Loss Account	8457.74	6017.12
CAPITAL RESERVES		
Share Premium	7790.33	7790.33
Capital Reserve on Consolidation	787.35	787.35
State Capital Incentive	50.00	50.00
	24792.00	20351.38
Schedule 'C'		
SECURED LOANS		
Term Loan - Windmill	218.43	293.62
Cash Credit - SBI, NGP	0.00	1636.75
Cash Credit - SBI IFB FCNR (B)	999.96	0.00
Cash Credit - Bank Of India	106.74	1312.95
Term Loan - Development Bank Of Singapore	4119.23	0.00
Commercial Paper - Allahabad Bank	2500.00	0.00
Export Packing Credit - SBI, IFB	0.00	58.69
Vehicle Loan	31.22	157.57
	7975.58	3459.58
Schedule 'D'		
UNSECURED LOANS		
From Financial Institutions :		
Short Term Loan - State Bank of Bikaner & Jaipur	0.00	1499.84
Export Packing Credit - Standard Chartered Bank	906.90	577.21
From Others :		
Sales Tax Deferral Loan	1289.75	1626.24
Others	595.60	11.62
	2792.25	3714.91

**SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31.03.2010****Schedule 'E'****SCHEDULE OF FIXED ASSETS**

(Amount Rupees in Lacs)

ASSETS	GROSS BLOCK AS ON 01.04.2009	ADDITIONS DURING THE YEAR	DEDUCTIONS DURING THE YEAR	GROSS BLOCK AS ON 31.03.2010	DEPRECIATION			NET BLOCK	
					UPTO 31.03.2009	DEDUCTIONS DURING THE YEAR	UPTO DURING THE YEAR	AS ON 31.03.2009	AS ON 31.03.2010
Land	542.06	54.07	59.10	537.03	0.00	0.00	0.00	542.06	537.03
Plot	20.35	0.00	0.00	20.35	0.00	0.00	0.00	20.35	20.35
Civil Construction	4690.76	123.56	0.00	4814.32	748.49	156.45	0.00	3942.27	3909.38
Office Building	90.26	0.00	0.00	90.26	10.67	1.47	0.00	79.59	78.12
Plant and Machinery	6601.15	87.66	0.00	6688.81	1505.16	315.78	0.00	5095.99	4867.86
Furniture and Fixture - Factory	127.36	1.61	0.00	128.97	28.08	8.19	0.00	99.28	92.70
Furniture and Fixture - Office	52.92	13.94	0.00	66.86	12.81	3.64	0.00	40.11	50.41
Office Equipments	369.43	47.13	1.78	414.78	120.08	53.11	0.00	249.35	241.59
Vehicles	1953.11	409.22	0.00	2362.33	447.12	246.32	0.00	1505.99	1668.89
Plantation	9.76	0.00	0.00	9.76	0.00	0.00	0.00	9.76	9.76
	14457.16	737.19	60.88	15133.47	2872.41	784.96	0.00	11584.75	11476.09

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31.03.2010

(Amount Rupees in Lacs)

SCHEDULES	31.03.2010	31.03.2009
Schedule 'F'		
INVESTMENTS		
LONG-TERM INVESTMENTS		
Quoted - At Cost	35.74	152.05
Unquoted - At Cost	590.76	245.32
SHORT-TERM INVESTMENTS		
Quoted - At lower of Cost or Market Value	418.17	43.60
	1044.67	440.97
Schedule 'G'		
INVENTORIES (Valued at Cost)		
Raw Material and Packing Material	3109.18	1922.21
Traded Goods	6.29	50.24
Finished Goods	514.16	738.87
Semi-Finished Goods	124.22	31.25
Scrap	41.24	21.48
	3795.09	2764.05
Schedule 'H'		
DEBTORS & DEBIT BALANCES		
Trade Debtors (Unsecured, Considered Good)	8977.02	10316.89
	8977.02	10316.89
Schedule 'I'		
CASH AND BANK BALANCES		
Cash In Hand	43.63	50.91
Balance with Scheduled Banks	8892.68	7238.70
Balance with Non-Scheduled Banks-Current Accounts	457.28	
Balance with Non-Scheduled Banks-Fixed Deposit Accounts	4.24	4.24
	9397.83	7293.85
Schedule 'J'		
LOANS AND ADVANCES		
Advances To Suppliers	1747.56	1162.19
Advances for Fixed Assets	318.92	74.59
Employee Advances	66.19	34.05
Balances With Revenue Authorities	2934.90	2267.41
Security & Other Deposits	275.58	301.94
Other Loans and Advances	11500.97	8381.32
	16844.12	12221.50

**SCHEDULE FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31.03.2010**

(Amount Rupees in Lacs)

SCHEDULES	31.03.2010	31.03.2009
Schedule 'K'		
CURRENT LIABILITIES & PROVISIONS		
Creditors for Goods	11359.83	11301.25
Creditors for Expenses & Others	458.20	753.37
Customers' Advances	506.54	421.11
Creditors for Fixed Assets	68.55	122.83
Expenses Payable	683.34	642.01
Other Liabilities	2227.91	1510.84
	15304.37	14751.41
Schedule 'L'		
SALES		
Manufacturing Sales	47590.04	43735.22
Trading Sales	10302.73	9129.63
Other Sales	1126.54	173.09
	59019.31	53037.94
Schedule 'M'		
OTHER INCOME		
Interest on Loan	1332.16	774.86
Interest on Bank deposits	362.68	427.55
Dividend Income	1.05	1.00
Other Income	69.60	1054.74
Usance Interest	833.30	340.94
	2598.79	2599.09
OPERATING EXPENSES		
Schedule 'N'		
MATERIAL CONSUMED		
Raw Materials, Packing Materials & Consumables	22714.85	21149.13
Trading Goods	9950.00	8259.83
	32664.85	29408.96

SCHEDULE FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31.03.2010

	(Amount Rupees in Lacs)	
SCHEDULES	31.03.2010	31.03.2009
OPERATING EXPENSES		
Schedule 'O'		
A) MANUFACTURING EXPENSES		
Power & Fuel	434.78	388.31
Repairs to Machinery	154.98	157.93
Repair to Civil, Vehicles & others	394.96	152.01
Insurance Expenses	196.23	183.44
Factory Expenses	90.27	53.51
Security Charges	76.00	58.81
Excise Duty	34.06	-70.37
Pump Truck Expenses	194.87	156.19
TOTAL A	1576.15	1079.83
B) STAFF COSTS		
Salaries & Wages	2004.91	1435.52
Bonus to Employees	53.77	58.38
Gratuity	29.37	25.95
Provident Fund Contribution	62.11	48.01
Staff Welfare Expenses	31.12	25.69
TOTAL B	2181.28	1593.55
C) ADMINISTRATIVE EXPENSES		
Remuneration to Directors	314.32	135.40
Conveyance Expenses	99.81	83.51
Consultancy Charges	303.12	113.19
Telephone & Postage Expenses	34.19	28.41
Printing & Stationery	35.41	28.16
Office Expenses	35.16	20.20
I.T. Expenses	53.92	28.37
Rent, Rates & Taxes	168.90	71.81
Donations	101.67	20.26
Audit Fees	24.50	16.26
Postage and Courier Charges	10.02	5.29
Legal Expenses	16.94	13.62
Internal Audit Fees	7.35	6.70
Miscellaneous Expenses	10.01	16.90
Directors' Sitting Fees	4.05	1.90
TOTAL C	1219.37	589.98

**SCHEDULE FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31.03.2010**

(Amount Rupees in Lacs)

SCHEDULES	31.03.2010	31.03.2009
Schedule 'O' (Contd.)		
D) SELLING & DISTRIBUTION EXPENSES		
Transportation Expenses	624.88	556.37
Export Expenses	2204.53	2276.02
Bad Debts	521.09	1088.38
Sales Tax	4163.79	3104.18
Sales / Agency Commission	747.82	604.66
Travelling Expenses	242.58	155.94
Sales Promotion Expenses	73.86	20.17
Discount & Settlement Expenses	742.21	756.09
Misc Sales Expenses & Freight Out	55.88	52.44
Advertisement Expenses	10.13	0.00
TOTAL - D	9386.77	8614.25
TOTAL A+B+C+D	14363.57	11877.61
Schedule (N+O)	47028.42	41286.57
Schedule 'P'		
(INCREASE) / DECREASE IN STOCKS	111.97	518.32
Total Operating Expenses (N+O+P)	47140.39	41804.89
Schedule 'Q'		
INTEREST AND FINANCE CHARGES		
Interest on FCNR, Other Term Loan & Vehicle Loan	38.99	65.05
Interest on Cash Credit	718.05	913.17
Interest Charges - Others	29.27	1.08
Bank Charges	364.36	413.24
Foreign Exchange Fluctuation - Loss	157.00	867.89
Derivative and Other Losses	10.24	10.61
Short Term Loss on Shares	-17.71	56.79
Long Term Loss on Shares	35.78	20.66
	1335.98	2348.49

SIGNIFICANT ACCOUNTING POLICIES

1. Basis of preparation of financial statements:

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in India for the year ended 31st March, 2010.

2. Principles of consolidation

The consolidated financial statements of the Company include financial statements of its wholly-owned subsidiaries, where Solar Industries India Limited is able to exercise control over the operating and financial policies of the companies. All material inter-company accounts and transactions are eliminated on consolidation.

The consolidated financial statements have been prepared on the following basis:

- The financial statements of the Company and its subsidiary companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intragroup balances and intra-group transactions resulting in unrealised profits or losses in accordance with Accounting Standard (AS) 21- "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.
- The difference between the costs of investment in the subsidiaries is less than the parent's portion of Equity of the subsidiaries at the date on which investment in subsidiaries are made, has been recognised in the financial statements as Capital Reserve.
- Cash, cash equivalents and short term investment : The Company considers all highly liquid investments with banks in the shape of fixed deposits to be cash equivalents. Cash & cash equivalents currently consist of cash and cash on deposit with banks.
- Foreign Currency Transactions :
Outstanding foreign currency assets and liabilities are translated at the exchange rate Prevailing as on Balance Sheet date or forward cover rates, as the case may be. Gains Or losses on cancellation of forward exchange contracts and relating to the acquisition of fixed assets are adjusted to the cost of such fixed assets and those related to other account are recognized in the Profit and Loss Account under respective heads of accounts. The difference between

the forward rate and the exchange rate at the date of transaction is recognized as income or expenses over the life of contract.

- As per management representation we have consolidated unaudited results of Solar Overseas Mauritius Ltd. & Solar Overseas Netherlands Cooperatie U.A.valued at historical cost basis.

3. Business acquisitions

The Company has neither acquired any business undertaking nor acquired any assets and liabilities of any undertaking.

4. Subsidiaries

The financial statements of the following subsidiary companies have been consolidated as per Accounting Standard-21 on "Consolidated Financial Statements" issued by Institute of Chartered Accountants of India.

Proportion of ownership interest (%)

Name of the Subsidiary Company	Year Ended on 31.03.2010
Economic Explosives Ltd	100%
Solar Components Pvt. Ltd	100%
Solar Mines & Minerals Ltd	51%
Solar Mining Resources Ltd	51%
Solar Overseas Mauritius Ltd	100%
Solar Overseas Netherlands Cooperatie U.A.	100%
Navbharat Coalfields Ltd.	74%

5. Uniform Accounting Policies

The consolidated financial statements have been prepared on the basis of the accounting policies adopted by the individual entities, as indicated under financial statements of respective companies

Solar Industries India Limited and Economic Explosives Limited have been providing Depreciation in books on Straight Line Method since inception, whereas Solar Components Private Limited, a Wholly-Owned Subsidiary of Solar Industries India Limited, has provided Depreciation in books on Written Down Value Method since inception.

The net difference arising out due to Change in Depreciation Method would be of Rs. 01.22 lacs on Consolidated Statements as of 31st March, 2010 and hence the Net Profit would have been higher by Rs. 01.22 lacs and net block of fixed assets would correspondingly have been higher by that amount.

**CONSOLIDATED NOTES TO THE ACCOUNTS****1. Description of Business**

Solar Industries India Limited Ltd., a explosives manufacturing company together with its subsidiaries, is engaged in manufacturing in various explosives products such as Slurry & emulsion base explosives, bulk explosives, detonators, detonating fuse, PETN and accessories required for the above product.

2. Taxation

The Tax Calculations are as under:

a. Provision is made for both current & deferred taxes. Current tax is provided on the taxable income using the applicable tax rate & tax laws.

b. The Deferred tax for timing differences is accounted for using the tax rates & laws that have been enacted or substantively enacted by the balance sheet date and is accrued with Accounting Standard 22-“Accounting for taxes on income” issued by the ICAI which includes current and deferred taxes.

c. Deferred tax Assets arising from timing differences are recognized only on the consideration of prudence and are reviewed at Balance Sheet date.

3. Equity Shares

The Company has raised Rs. 83.60 Crore by initial Public issue during the year 2005-06 , it include Rs. 4.40 Crore of equity share capital @ 10 each and Rs. 79.20 Crores of share premium @ 180.00 per share. Out of this Company has utilised Rs 67.10 Crores for meeting out IPO expenses and Projects as per the Object and balance fund of Rs. 16.50 Crores has been invested in Fixed Deposits with Banks.

4. Sale of Investment

As required AS-24 Discontinuing Operation, during the year Company has sold the assets of its subsidiary Somu Steel & Power Ltd.. Hence the Balance Sheet of Somu Steel & Power Ltd is not considered for consolidation. Since the Company was in possession of land only. No other asset acquired by the Company & has not begun its operations effect on Profit & Loss to be disclosed as per AS-24 is nil.

5. Effects of Consolidation:

As a result of consolidation, the following are the eliminations as a result of intra group transactions in the year ended 31st March, 2010

(Rs in Lacs)

Name of the Company	Sale of Goods	Purchase of Material	Services received	Services rendered	Interest received	Interest Paid
Solar Industries India Limited	348.90	1465.90	459.32	449.73		121.32
Economic Explosives Ltd.	1460.23	1183.34	449.73		106.05	
Solar Components Pvt. Ltd.	840.11	3.46		459.32	15.27	

6. Earnings per share

Basic earning per share has been reported as per Accounting Standards – 20 relating to “Earning per share” which have been computed by dividing net profit after tax by the weighted average No of shares outstanding for the period

	31.03.2010
Net Profit for the year attributable to equity shareholders (Rupees in lacs)	5859.37
Weighted Average No of Shares (In Lacs)	173.24
Earning per Share (Rupees)	33.82

7. Contingent Liability

(Rs. In Lacs)

01	In respect of of counter guarantees given to Bank.	4172.36
02	In respect of Excise and Income Tax matters in dispute / under Appeal	151.14
03	In respect of Sales Tax matter (Deferment)	3233.17

In earlier year the Company has supplied explosives to Coal India Ltd from 01.03.06 to 30.06.06 as per old rate contract rates on confirmation from Coal India Ltd that new rate contract will be issued effective from

01.03.06 Coal India Ltd has issued new rate contract w.e.f 29.07.06 without covering the period From 01.03.06 to 30.06.06. The Company has protested and now this is sub Juidice at Hon.Calcutta High Court on the ground that since no rate contract has been issued for 01.03.06 to 30.06.06.so rates of old rate contract shall be applied.During the year Hon.Calcutta High Court has given an order asking Bank Guarantee against such deductions and company has submitted the same which is included in contingent liability. The court has passed an order for release of payment against Bank Guarantee till the matter is settled.

8. Segmental Information :

As regards the accounting standard 17 'Segment Reporting' there are two business segment one is manufacturing of Explosives and other is trading of Ammonium Nitrate.

Rs. in lacs

Particulars	SIIL Consolidated for the year ended	
	31-03-2010	31-03-2009
1. Segment Revenue		
a. Explosives	43540.34	40241.75
b. Trading	10328.66	8537.38
c. Others	2177.17	1026.76
Total	56046.17	49805.89
Less: Inter segment revenue	0.00	0.00
Revenue from Sales & other Income and exchange fluctuation gains	56046.17	49805.89
2. Segment Results		
Profit/(loss) (before tax and interest from each segment)		
a. Explosives	8099.18	7889.15
b. Trading	21.63	(509.99)
Total	8120.81	7379.16
Less:		
(i) Interest paid (net of interest received)	1335.98	2348.49
(ii) Other un-allocable expenditure net off un-allocable income	(2294.01)	(1572.33)
Total Profit Before Tax	9078.84	6603.00
3. Capital Employed		
a. Explosives	37269.40	29823.25
b. Trading	0.00	0.00
c. Others	0.00	0.00
Total	37269.40	29823.25

For **Gandhi Rathi & Co.**
Chartered Accountants

For and on behalf of the Board

C.N. Rathi
Partner
M. No. 39895
Place : Nagpur
Date : 24.05.2010

K.C.Nuwal **Manish Nuwal**
Director Director

Khushboo Pasari
Company Secretary

[illegible]



SOLAR INDUSTRIES INDIA LIMITED

Registered Office: 11, Zade Layout, Bharat Nagar, Nagpur – 440 033

ATTENDANCE SLIP

Please complete this attendance slip and hand it over at the entrance of the Meeting Hall. Joint Shareholders may obtain attendance slip at the venue of the meeting.

Name and Address of the Member	Registered Folio Number	Client ID & DP ID Number	Number of Shares held

I/We hereby record my/our presence at the 15th Annual General Meeting of the Company to be held at Monday, the 23rd day of August, 2010 at 11.30 am at Royal Court Hall, Hotel Tuli International, Residency Road, Sadar Nagpur, Maharashtra – 440 001.

Signature of the Member or the Proxy Attending the Meeting

If Member, please sign here	If Proxy, please sign here

Note: Members are requested to bring their copies of Notice and 15th Annual Report to the Meeting as the same will not be circulated at the meeting.



SOLAR INDUSTRIES INDIA LIMITED

Registered Office: 11, Zade Layout, Bharat Nagar, Nagpur – 440 033.

PROXY FORM

Folio No. _____ Client ID No. & DP ID No. _____

I/We _____ of _____

being Member/Members of SOLAR INDUSTRIES INDIA LIMITED, hereby appoint _____

of _____ or failing him/her _____

of _____ or failing him/her _____

of _____ as my/our Proxy to attend and vote for me/us behalf at the 15th Annual General Meeting

of the Company to be held at 11.30 a.m. on Monday, 23rd day of August, 2010 at Royal Court Hall, Hotel Tuli International,

Residency Road, Sadar Nagpur, Maharashtra - 440 001 and at any adjournment thereof.

Signed this _____ day of _____ 2010.

Affix
One Rupee
Revenue Stamp
here & sign

Signature of Shareholder(s)

Note: The Proxy form duly completed must be deposited at the Registered Office of the Company, not less than 48 hours before the time of holding the meeting. The Proxy need not be a member of the Company.