



Safety • Quality • Reliability

August 25, 2020

To,  
The Executive Director  
Listing Department  
National Stock Exchange of India Limited  
Mumbai  
Trading Symbol: "SOLARINDS"

To,  
The Executive Director  
Listing Department  
BSE Limited  
Mumbai  
Scrip Code: 532725

Sub: Annual Report of the Company, Notice convening 25<sup>th</sup> Annual General Meeting ("AGM") for the Financial Year 2019-20

Dear Sir/Madam,

The 25<sup>th</sup> Annual General Meeting ("AGM") of the Company will be held on Wednesday, September 16, 2020 at 11.30 a.m. IST through Video Conferencing / Other Audio Visual Means in accordance with the relevant circulars issued by the Ministry of Corporate Affairs and the Securities and Exchange Board of India.

Pursuant to Regulation 34(1) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), please find enclosed herewith the Annual Report and the Notice of the 25<sup>th</sup> AGM for the financial year 2019-20, which is being sent through electronic mode to the Members.

Further, to our letter dated July 31, 2020, wherein we had intimated details relating to record date, please note that the Company has fixed Friday, September 4, 2020 as the Record Date for determining entitlement of members for final dividend for the financial year ended March 31, 2020. Payment of dividend, subject to approval of the members at the ensuing AGM, will be made between Saturday, September 19, 2020 to Friday, September 25, 2020.

The Company has fixed Wednesday, September 9, 2020 as the "Cut-off Date" for the purpose of determining the members eligible to vote on the resolutions set out in the Notice of the AGM.

The Notice of AGM along with the Annual Report for the financial year 2019-20 is also being made available on the website of the Company at: [www.solargroup.com](http://www.solargroup.com)

This is for your information and records.

Thanking You,

For Solar Industries India Limited

Khushboo Pasari  
Company Secretary &  
Compliance Officer



**Solar Industries India Limited**

Regd. Office: "Solar" House, 14, Kachimet, Amravati Road, Nagpur - 440023, INDIA

25  
years

DHARTI | PAATAL | AAKASH

Explosion  
of Opportunities



DHARTI | PAATAL | AAKASH

# Explosion of Opportunities

**We are  
connected, within  
our universe**

Rooted Firmly,  
Going Deeper,  
Flying Higher.



**No matter where we are, what we do or what our preferences are, every bit of our existence is systematically conjoined through the innate elements of Dharti, Paatal & Aakash.**

From ensuring Excellence on Land, high potency underground and aspirations of reaching the sky, we enjoy an eternal journey.

**At Solar Industries, we aim to be a global leader and seek to expand our capabilities as we strive to make our presence felt with an even portfolio encompassing the realms of Dharti, Paatal & Aakash.**

# About this Report

## Integrated Thinking

In our pursuit of excellence, we utilize our resources responsibly to strengthen value creation for our diverse stakeholders. With the perfect culmination of efficient financial strategies, exceptional manufacturing capabilities, a talented workforce and innovative solutions for our customers, we continue to encourage sustainable business development.



See page 24 & 45 for more information



**Financial Capital**



**Human Capital**



**Manufactured Capital**



**Social & Relationship Capital**



**Intellectual Capital**



**Natural Capital**

## Annual Report Formats

This annual report is available in the following digital formats:



Website



Smartphones

## Reporting scope and period

The Annual Report covers information on business operations of Solar Industries India Limited and (subsidiaries), aptly disclosed through six capitals. All the six capitals cover information on India and overseas operations. The Annual Report considers the primary reporting period as April 01, 2019 to March 31, 2020. However, some of the sections of the report represent facts and figures of previous years to provide a comprehensive view to the stakeholders.

## Reporting framework

The financial and statutory data presented is in accordance with the requirements of the Companies Act, 2013 (including the rules made thereunder), Indian Accounting Standards, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the other applicable laws.

## Our listing

Our shares are listed and actively traded on the BSE Limited and National Stock Exchange of India Limited.

BSE script code:

**532725**

NSE script code:

**“SOLARINDS”**

# Read through the pages



As Solar reaches the momentous 25 year milestone, the cover creatively depicts the Company's presence across the domains of Dharti, Paatal and Aakash, celebrating its continued business success.



To know more about us in digital mode, scan this QR code in your QR mobile application.

Look out for this icon through out the report



Referred pages to read more within the report

## Forward-looking statements

Some information in this report may contain forward-looking statements which include statements regarding Company's expected financial position and results of operations, business plans and prospects etc. and are generally identified by forward-looking words such as "believe," "plan," "anticipate," "continue," "estimate," "expect," "may," "will" or other similar words. Forward-looking statements are dependent on assumptions or basis underlying such statements. We have chosen these assumptions or basis in good faith, and we believe that they are reasonable in all material respects. However, we caution that actual results, performances or achievements could differ materially from those expressed or implied in such forward-looking statements. We undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

## Corporate Overview

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# About Solar

As one of the leading explosive companies globally, the progress made over the past two and half decades has put Solar Industries in a more sustainable position within the challenging economic and business environment. Our progress has been radical as we continue to explore growth and expansion opportunities.

### Our Vision

To emerge as a global leader in the manufacturing of industrial and military explosives and an innovative solution provider with a focus on safety, quality and reliability



### Our Mission



To provide innovative technology and services through Research and Development



To contain product and service costs through constant re-engineering and improvement in all business processes



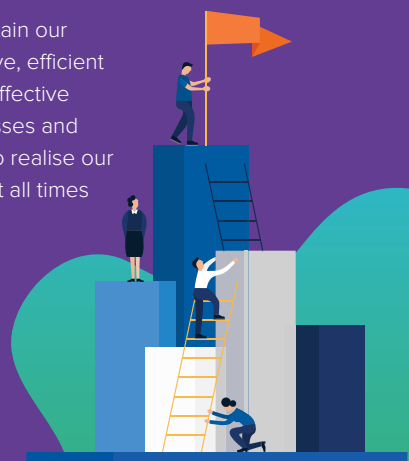
To ensure high quality delivery of services offering exemplary technical, safety, administrative and professional excellence with commitment to environmental safeguards



To forge and nurture alliances that are complimentary to the Company's global ambitions



To retain our responsive, efficient and effective processes and services to realise our vision at all times





Our market  
presence

**51+** Countries





# DHARTI

*Rooted Firmly*



## Solar Industries is firmly grounded to surpass milestones.

The land offers multiple opportunities and we are motivated to unlock possibilities in every realm. Catering to the mining and infrastructure (road and housing) industry, we have explored avenues for defence as well. From supplying Multimode Hand Grenades to an exceptional range of defence products consisting of High Energy Materials, Mines, and other Ammunition, we are equipped to surpass customer expectations with our refined capacity.



## Explosion of Opportunities

# Chairman's Message



*It is for the first time in India's defence history, that Pinaka Rockets fully manufactured by a private organization have been successfully test-fired.*

**SATYANARAYAN NUWAL**  
CHAIRMAN

## Dear Shareholders

My heartiest greetings to you all on behalf of our Solar Industries India Limited. I deem it a pleasure to share with you the performance of the Company in the 25th year of operations.

The unleashing of covid-19 on humanity is possibly the event of the century. It has caused massive turbulence all over the world. It has left a profound impact on how businesses will get conducted post this period. The only thing sure about the current global economic outlook is that it is uncertain. We still don't know when the pandemic will be over, and what will be the comparative impact of the immediate health crisis and subsequent economic dislocation.

Uncertainty doesn't have to mean paralysis. It can also mean opportunity – applying plausible and credible estimates on the timing and path to economic recovery is essential to making strategic decisions for the future.

### Our strategy is simple.

We strive to operate our business with a sharp focus on safety, quality, and pursuing sustainable cost improvements.

We seek to create further value by developing the opportunities embedded in our existing operations, which represent the most attractive options.

Our focus is to enhance products for defence applications where we have successfully developed and tested products in High Energy Explosives, propulsion systems, ammunition filling, pyros, ignitor, and rocket assembly.

There are many issues that we address and mitigate as a business regularly and throughout cycles. To name a few, they can be environmental, social, operational, financial, technological, and regulatory compliance issues. But with the right people and partners, we performed reasonably despite the constraints and achieved a little below budget in 2019-20 and produced over 4,37,500 tonnes of explosives globally.

The year has been turbulent, with the economy showing muted growth. The unusually heavy and prolonged monsoons further accentuated the same with rains having ravaged the central and eastern India all through to November 2019. The same affected the coal mines where many mines were flooded and have seen a considerable drop in production. The Infrastructure segment and housing got affected, as well.

And this was reflected in our financials; revenue in 2019-20 is ₹2237.30 crores compared to ₹2461.57 crores. Our EBITDA margins were 21.25% compared to 20.99% of the previous year, and our Net Profit stands at ₹267.43 crores compared to ₹261.61 crores of last year.

This performance, combined with the Board's assessment of the Company's cash requirements in the Covid-19 pandemic, will likely affect the business in the short and medium-term. Accordingly, the Board of Directors reviewed their dividend distribution policies. Considering the impact of the lockdown had on the economy and the effect it would have on our business in the first two-quarters of FY-21, the Board of Directors has recommended our final dividend payout of 20% against 30%. The same reflects our improved confidence in the position of the Company and our wish to distribute more to shareholders.

Our approach towards allocation of capital considers the appropriate balance between investment for sustainable growth and returns to the stakeholders, which allows the Company to retain a strong financial position so that even after paying the dividend, we have the financial flexibility to take advantage of any opportunities. The recent structural changes announced by the Government to help ease of doing business and the proposed changes in labour law are indeed most welcome.

### Future Growth Plans

The mining sector in India was poised for robust growth in FY21, on the back of rising demand from end-use industries and fresh investments announced by the mining companies. However, the



spread of COVID-19, right at the beginning of the financial year, has led to disruptions across industries. Mining Sector fuels the economic wheels as a primary input and is a crucial contributor to power, manufacturing, construction, and real estate sectors. Overall, de-growth in the Mining sector is unavoidable in Q1, and perhaps also in Q2. The economic activities are likely to gather momentum again only in H2 of FY21.

The manufacturing and construction industries are end-user industries for several minerals such as iron ore, limestone, bauxite, amongst others. With the expected slowdown in these industries, we expect direct impact and hence similar slowdown effects in the metals and mining sector. However, post the lockdown, it is likely that the Government is going to put special thrust on infrastructure spending to spur economic activity across the states. The Government will push for all national and state-sponsored projects such as MNREGA, PMAY (Pradhan Mantri Awas Yojana) house construction, road construction under NHAI/ State PWD, AMRUT cities, and more. These projects are expected to gather pace from H2 FY21 onwards.

In overseas, economic turnaround is quite visible in the countries where we have our presence. Our overseas expansion strategy is providing several advantages today, including more excellent opportunities for market growth, diversification, and chance to conquer new territories and reach more of these consumers, thus increasing sales. I am happy to inform you that manufacturing operations in Ghana has commenced from Q1FY20-21. Australia and Tanzania's manufacturing facilities will also begin from Q3 of FY20-21.

In a significant boost for Make in India, the first-ever Pinaka rockets entirely manufactured by your company "Economic Explosives Ltd (EEL)" have been successfully test-fired by the army at a firing range in Pokhran, Rajasthan. Six Pinaka rockets were test fired as part of the final developmental trials and are the first munition of its kind made by the private sector in India. It is for the first time in India's defence history that any private organization manufactured rockets have been successfully test-fired.

Further, the price negotiation in MMHG RFP is completed, and we are anticipating orders for the same very soon.

The Centre's decision for Atmanirbhar – Self-reliance, in these economically challenging times, to impose restrictions on import of 101 weapons and military platforms, and creation of a separate

budget for domestic capital procurement in the current financial year is a 'path-breaking' reform towards becoming self-reliant and will boost indigenous defence manufacturing. As such, the defence segment is bound to bounce and we continue to invest in new capabilities in the Defence products.

The defence minister stated that the indigenous defence industry should be worth \$ 26 billion by 2025 with a \$ 7 billion export revenue are all visions for energizing the domestic defence sector. The recent announcement that for defence procurement, only indigenous suppliers should be considered for tenders up to ₹200 Crore will help the local armament industry.

With the Government's emphasis on ease of doing business, indigenization, and reducing the time of validation and reducing time for converting inquiry into order, we should see excellent traction in the coming years. The revenues for FY 2020-21 are expected to cross last year's revenue figures and also expect the margins to improve mainly on account of Defence and Overseas turnaround

### Let me now say a few words about safety

The safety of our employees and the communities in which we work is our number one priority. After the Covid -19 pandemic declaration in March, we took immediate action to create an environment to safeguard our employees while delivering on the needs of our customers. In 2019-20, we achieved our goal of zero fatalities. We are convinced that the Safety Model we have implemented together a strong safety culture embedded in everyone with the Group is key to our success in this area and, in explosives manufacturing, success in safety leads to success in business. Our SHE management is modeled on ISO 14001/2015 and OHSAS/800/2007 Standards. Hands-on training is regularly given to our employees for ensuring safe practices.

### Social Responsibility

We have always believed that working in partnership – whether with our partners in the mining operations, the communities that we work in, or the local and national Government – is the best and only way to work. Working together to ensure the safety, sustainability, reliability, and stability of our operations enables all our stakeholders to prosper. And this makes good business sense.

## Acknowledgment

I take this opportunity to thank the entire Solar team for their dedication and commitment. Even in the trying time of COVID-19 Lockdown, they kept the production going despite constraints and limitations imposed by Government directives. I would also like to place on record our sincere appreciation towards the Board of Directors for their continued guidance and my gratitude to all the Stakeholders for their continued faith in Solar.

I am sure together we will come out successfully from this critical phase and march towards a brighter and bigger business in the future.

**Satyanarayan Nuwal**  
Chairman



# PAATAL

*Going Deeper*

Torpedoes



HMX



RDX





# Aspiring to embark on an eternal journey, we strive to go deeper

We have large range of products that goes beyond Earth's surface to underground geothermal reservoirs, widely used in Seismic Explorations.



## Explosion of Opportunities



# The Vision to Value Creation Journey

## Our strategy



### People

Our team at Solar are precious to all that we do. Our commitment to create inclusive and diverse work culture and empower innovative thinking has helped us achieve sustainable growth.



### Innovation

Our journey towards excellence in past 25 years has been centered around innovation. We have evolved from being a mere trading company to a leading global manufacturer of industrial explosives. In last decade our R&D team has excelled at a swift pace to position us a front runner in providing ammunition to some critical defence products. In short, we understand the fundamental change in evolving our product portfolio at the right time, that provides us the lever to excel our operations and financial performance.



### Manufacturing excellence

We focus on continuously improving our assets that offer long-term value-creation measured by our diverse stakeholders. Our state-of-the-art manufacturing facilities form a strong foundation of our business. The scale and diversity of our facilities with a wider product portfolio allow us to leverage our domain expertise to full potential for the benefit of our wide customer base.

## Outcome

The keystone of our strategic pillars is our focused approach towards capital allocation for each strategy and maintain a right equilibrium. This has helped build a business model that is balanced, adheres to risk-reward framework and provides value to our wide stakeholder fraternity.



# Integrated Strategy

for value creation



Financial



Manufactured



Intellectual



Human



Social &  
Relationship



Natural

# Our Business Model

## Our Capital Inputs

### Financial

We use revenue generated from our operations and debt-funds to run our business and augur growth

### Manufactured

Our extensive - national and international footprint of manufacturing facilities positions us to serve an ever-widening customer base

### Intellectual

Our proprietary and licenses, technical knowhow and research and development form an integral part of our business

### Human

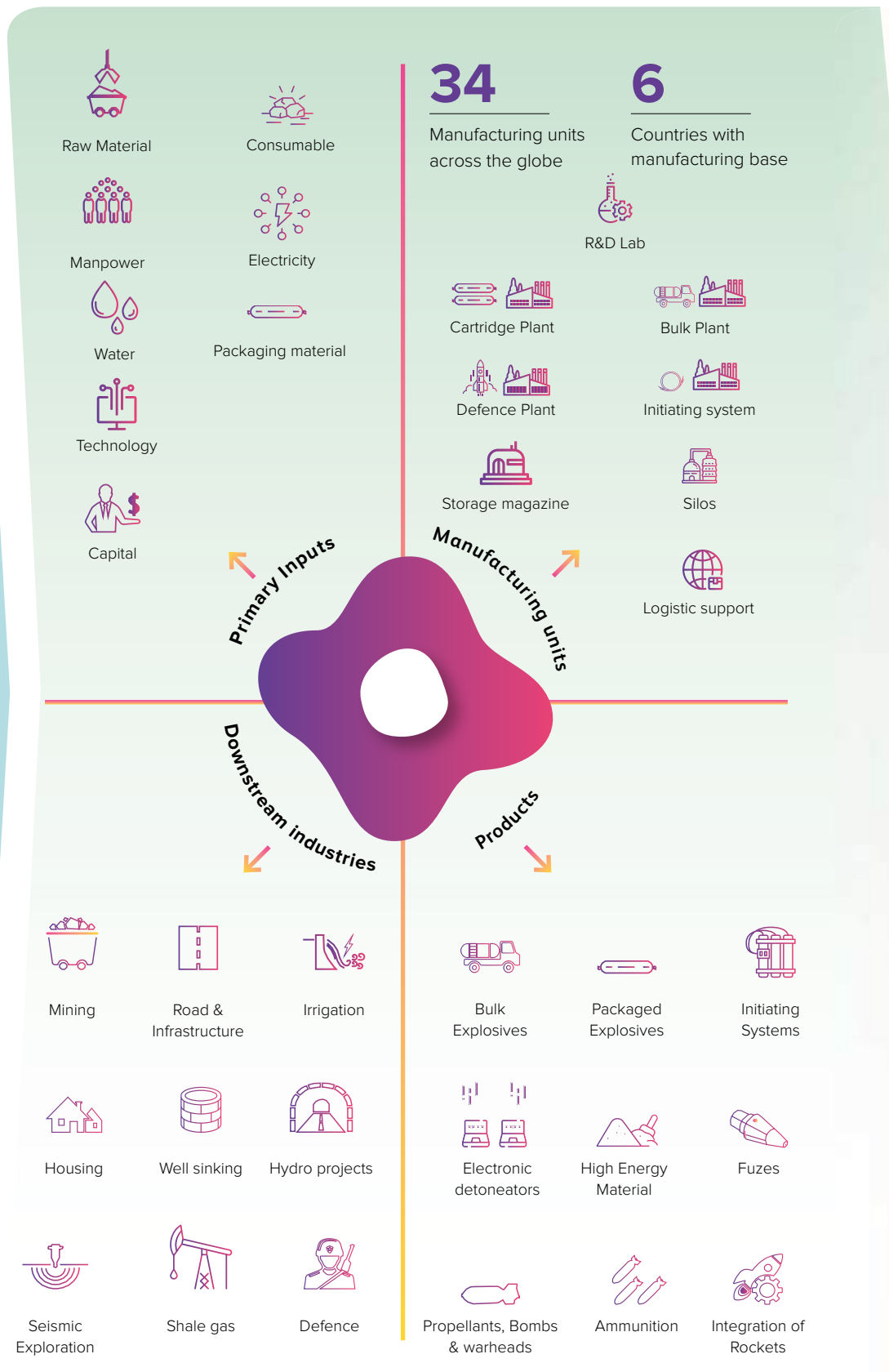
Our diverse set of people across our area of operations, with varied skills, competencies, capabilities and knowledge sets help us grow our business

### Social & Relationship

Our inclusive approach to address the needs of our stakeholders and deliver on our commitments

### Natural

We work towards optimum utilization and minimal wastage of all our resources used within the area of our operations



## Output in form of value creation

### Financial

- Maintained Debt Equity Ratio at 0.50
- CAPEX stood at ₹235 Cr
- Interest coverage ratio at 7.10
- Efficient working capital management

### Manufactured

- World class infrastructure facility
- Efficient and maximised utilisation of assets
- Real time monitoring of operational parameters for safety, quality and reliability
- Automation enabled in plants

### Intellectual

- Established Centre of Excellence of life Assessment
- ToT's recieved from DRDO for Pinaka Rockets, BrahMos Booster etc.
- Provided several break through technologies which are first in our country
- Generating futuristic Products & Platforms

### Human

- "She for change" empowering women by advancing opportunity in Company's activities
- 3.09 million Hours of accidental free work
- Implemented 5S Tool and TPM Policy
- 1130 Total man-hours of training

### Social & Relationship

- ₹6.12 crore spent towards CSR activities
- Strong & enduring relationship with Customers
- Robust investor outreach programme
- Trustworthy relationship with Suppliers

### Natural

- Emissions levels minimised
- Use of LED Lamps
- Use of bio briquettes
- Rainwater harvesting

## Outcomes

### CRISIL Score

**AA+**

### Customers

**179+**

Customers with more than 10 years association

### Employees

**206.62**

Employee benefit expenses in FY 2019-20  
(₹ in crores)

### Community

₹ **20.88** crore

Invested in last five years in multiple CSR activities

### Regulators and Government bodies

₹ **57.13** crore

Contribution to exchequer in FY 2019-20

### Natural

**89278** KL

Water recycled



# Financial Capital

A prudent mix of debt and equity capital enables us to sustain shareholder returns, providing us the perfect impetus to deliver robust financial performances, meet our working capital needs and fuel our growth ambitions.



### Net Sales

(₹ In crore)

FY 2010-11	680.86
FY 2011-12	967.58
FY 2012-13	1121.82
FY 2013-14	1112.82
FY 2014-15	1274.32
FY 2015-16	1,448.62
FY 2016-17	1,579.99
FY 2017-18	1,916.12
FY 2018-19	2,461.57
<b>FY 2019-20</b>	<b>2,237.30</b>

# 14.13%

10-year CAGR

### EBIDTA

(₹ In crore)

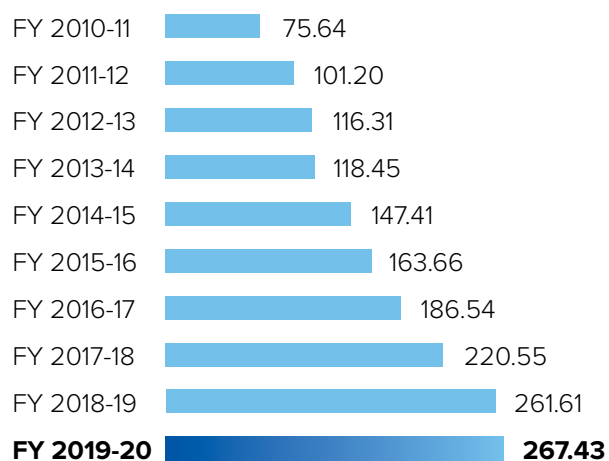
FY 2010-11	148
FY 2011-12	194.66
FY 2012-13	197.51
FY 2013-14	214.14
FY 2014-15	261.92
FY 2015-16	317.5
FY 2016-17	337.1
FY 2017-18	423.65
FY 2018-19	516.66
<b>FY 2019-20</b>	<b>475.37</b>

# 13.84%

10-year CAGR

## Profit after tax (PAT)

(₹ In crore)

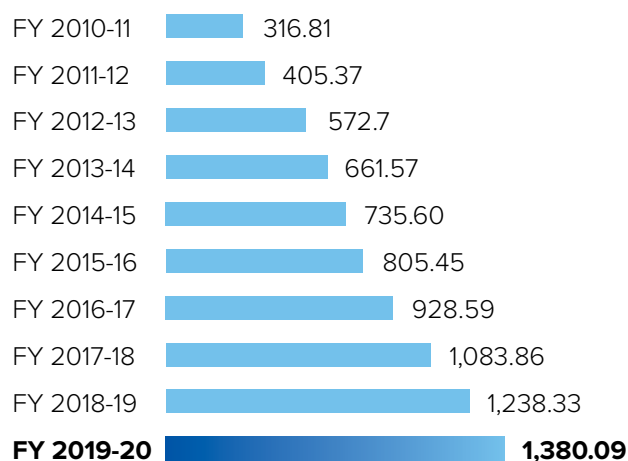


15.06%

10-year CAGR

## Net Worth

(₹ In crore)



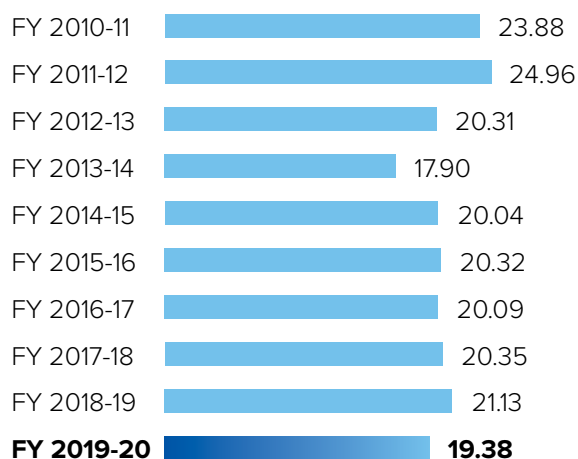
17.76%

10-year CAGR

# Financial Capital

## Return on Networth or return on Equity

(in %)

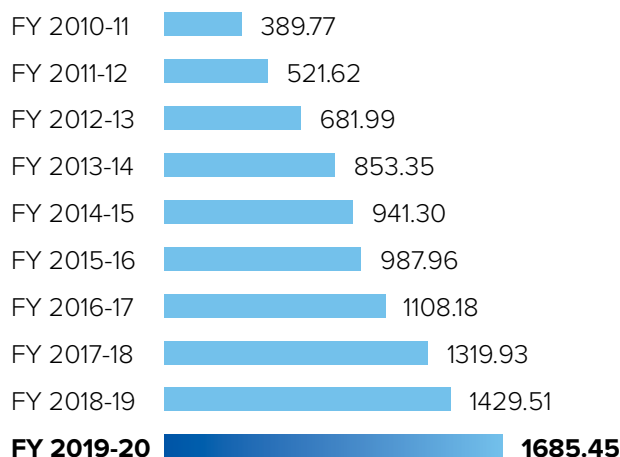


20.836%

Average

## Capital Employed

(₹ In crore)

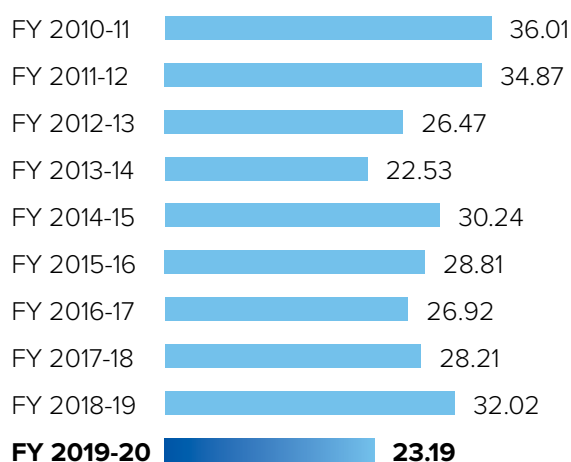


17.67%

10-year CAGR

## Return on Capital Employed

(in %)

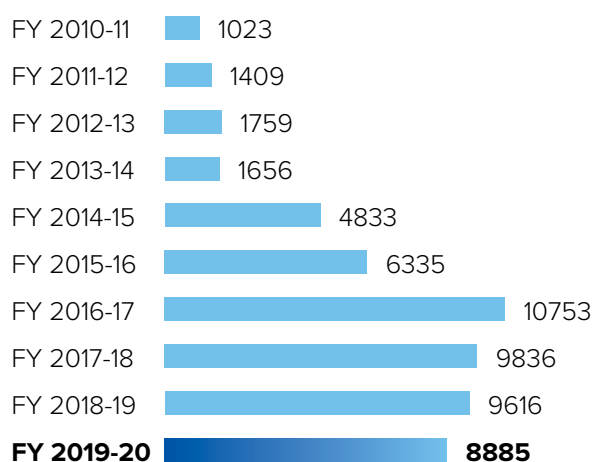


28.927%

Average

## Market Cap

(₹ In crore)

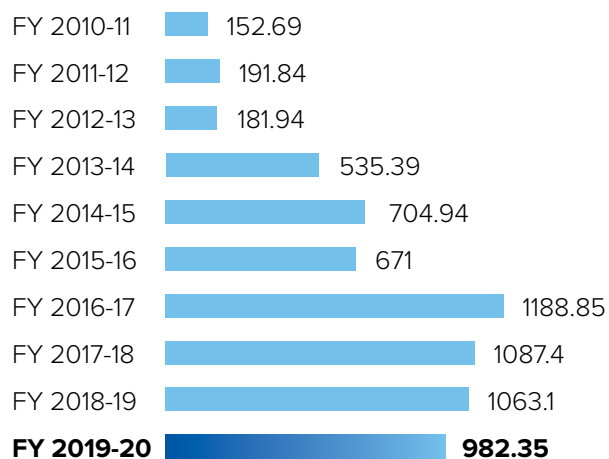


27.15%

10-year CAGR

## Share value

(₹)

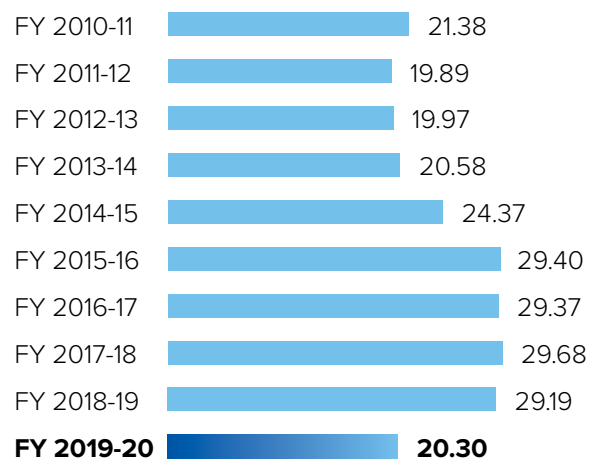


22.89%

10-year CAGR

## Dividend Payout Ratio

(in %)



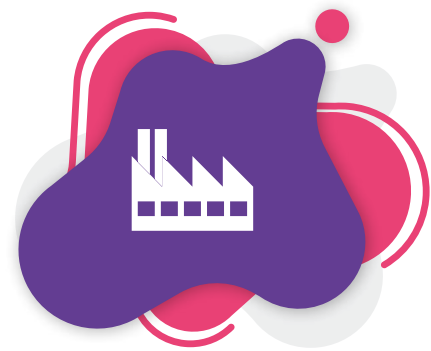
24.413%

Average



# Manufactured Capital

Solar's identity as a reputed global player rests on its ability to design and develop exceptional products. Our world-class manufacturing facilities play a crucial role in fulfilling this objective by consistently delivering outstanding products that meet stringent quality standards, enhance productivity and ensure cost-efficiency across operations, thereby cementing our position as a market leader.



Our manufacturing capabilities are the pillars of our business model. At Solar, we take pride in continuously improving our existing facilities and invest in new ones to remain relevant to the dynamic consumer environment.

## 34

Manufacturing facilities worldwide

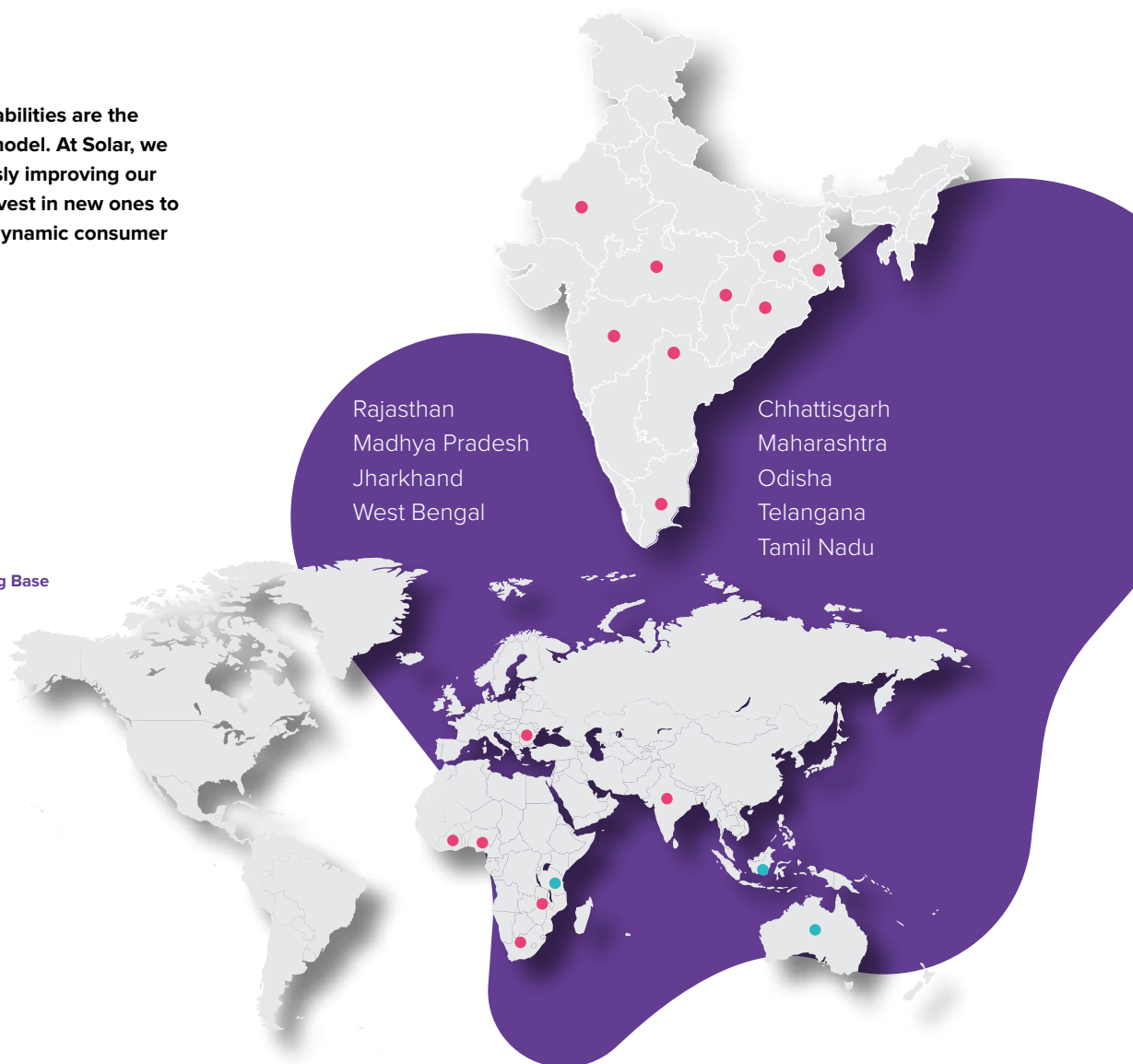
### Countries with Manufacturing Base

● Existing

India  
Zambia  
Nigeria  
Turkey  
South Africa  
Ghana

● Upcoming

Australia  
Tanzania  
Indonesia



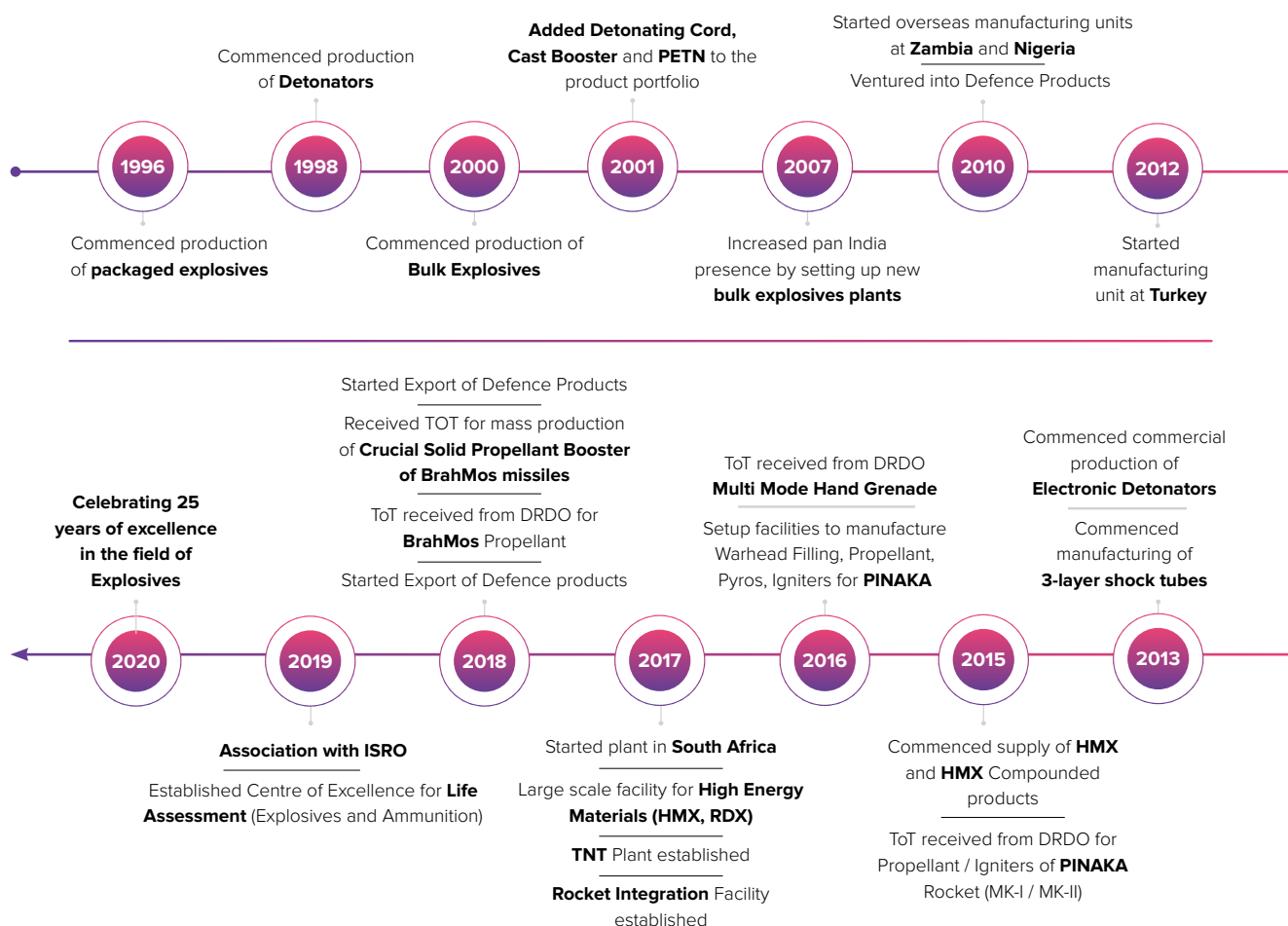
## Industrial Explosives

Solar is today one of the leading Explosives & initiating explosives countries in the world. A total of 29 manufacturing units in India and in 5 other countries, has positioned us to cater local markets across multiple geographies.

Our capability to possess an integrated set-up has allowed us to deliver quality beyond standard benchmarks. For example, our backward integration into initiating systems has positioned us to establish a novel business model and deliver completely new form of customer value.



## Milestones



# Manufactured Capital

## Did you know?

- Solar is the first Indian Company to cross production capacity of 450,000 MT of explosives.
- Backward integration of Raw Materials to a large extent
- Largest single location manufacturing facility for Packaged Explosives in the world.



## Did you know?

Solar is the first private sector company to set up a plant to manufacture HMX, RDX & TNT. We have also set up an integrated facility for defence industry to produce propellants, war heads and rockets.

### Partnering with Indian Space Research Organisation (ISRO) and Skyroot Aerospace Private Limited (Skyroot)

ISRO is planning to enhance their capacity for launching of satellites and other activities and looking for association with private companies.

ISRO has identified our Company as one of the leading partner in the field of Propellant filling, integration of Propulsion Motors, Pyros, Modular Plastic Bonded Explosive etc. to meet the expanding demand in the international market for launching of larger number of satellites, annually.

Solar Industries India Limited has entered into the Business of Propulsion system for space application, which is synergistic with current business of ammunition, and has decided to make an equity investment in a startup "Skyroot Aerospace" for manufacturing of Space Launch Vehicles.



## Ammunition for Defence sector

The Government of India's decision to open up the defence sector to permit private players to provide ammunition. With expertise of decades in explosives sector and the government's vision to be self-reliant, Solar was one of the early private player to secure all mandatory licenses to set up a facility for multiple defence sector products.

Our dedicated R&D laboratory, accredited by Department of Science and Technology, Government of India, is helping build a portfolio that is customized, safe, reliable and efficient. In last decade, we have invested substantially in each product life-cycle development, from trials, tests, successful validation on actual field to modifications. At Solar, we have successfully undergone all the tests for multiple products with scheduled gestation period.

## Defence portfolio



**High Energy Materials like HMX, RDX & TNT**



**War Heads**



**Rocket Assembly**



**Grenades**





# Aakash

*Flying Higher*

**India has made its space program more visible and active as the country aims for greater self-reliance in space technology.**

**Solar has entered into the Business of Propulsion system for space application by partnering with ISRO, which is synergistic with current business of ammunition. It has also made an equity investment in a startup “Skyroot Aerospace” for manufacturing of Space Launch Vehicles.**

**Explosion of Opportunities**

# Intellectual Capital

To sustain and succeed in a dynamic working environment, we realize the need to constantly evolve and innovate. While our expertise, extensive domain knowledge and a vigorous R&D team allows us to keep our reputation and brand value intact, it also empowers us to trace new avenues for sustained growth and efficiency.



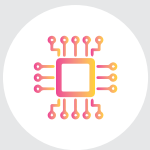
## Core competencies



Strong and visionary management



Committed, experience and competent human capital



Technologically advanced manufacturing facilities



Robust Research and development capabilities



Ability to design, develop and manufacture unique, innovative and superior quality products

## 25 years of experience and expertise

For 25 years, we have leveraged our extensive experience and deep domain knowledge to expand our business, improve our capacity and deliver highly efficient and innovative products. We have established a reputation for supplying superior quality products and have consistently created value across business verticals. Our ability to proactively fulfil customer requirements have earned us the trust of our customers and have played a vital role to propel Solar as a leading industrial explosives manufacturer globally. It has also helped us to sustain our market leadership in the Indian defence sector.



## Our distinct brand value

Since our inception, we have strived to build 'Solar' as a brand with a purpose. We have focused on maintaining our reputation as the most preferred brand for industrial and military explosives. We also maintain a strong connect with our customers through innovative branding strategies. Our strong emphasis on acquiring knowledge, developing new and improved products and offering quality products at a cost effective price continues to differentiate us from our competitors.

## Strong emphasis on innovation

For us, innovation means the successful exploitation of ideas to create sustainable value for the company as well as the society. To foster our ambitions for developing truly differentiated products, we continue to significantly invest in research and development. We constantly brainstorm to strengthen our existing capabilities and improve our ability to design new products, to create a distinctive identity in a competitive arena. Our innovative capacities enable us to develop products, processes, technologies and methods that encourage a culture of continuous improvement, increase our overall efficiency and drive cost synergies.

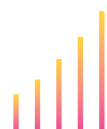
## New products developed in recent years

- Low Density Bulk Explosive
- High energy materials and compounded products
- Internationally Certified Electronic Detonator
- Rocket Propellants
- Stope Prime
- Multi-mode hand grenades
- Smart MMU/Pump Trucks
- Igniters



## Research & Development

Research and development form the backbone of Solar's success. Our team of experienced and highly qualified professionals are equipped with the expertise to develop truly unique and sustainable solutions. Our R&D team conducts detailed tests and trials on raw materials as well as the final products to adhere to the highest standards of quality. During the year under review, we have also set-up a 'Centre of Excellence', a best-in-class laboratory for high energy materials, to fulfil our endeavour to create a highly efficient and technologically advanced research and development facility.



**₹39.58 CRS**

Average R&D  
expenditure in last five  
years (approx)

## Focus areas of R&D

Research and Development forms an integral part of our operations and we consistently rely on our robust R&D initiatives to strengthen our existing processes, innovate new products and ensure cost efficiency across operations. It also enables us to abide by safety procedures and fortify our capacities for the future.



# Human Capital

At Solar, we consider our people as cornerstones of our success. Our efforts to inculcate a collaborative and harmonious environment augurs well to promote a diverse and inclusive workspace, designed to motivate our employees and lay the foundations for professional as well as personal development.



We continue to focus on building a high-performance culture and a great place to work. Our set of skilled, diverse and engaged team across the globe are the real strength of the Company. We have integrated our resources and built functions across the workforce that adds to their competitiveness.



# 6154

Employees as on March 31, 2020

## Work place management 5s

We continue to enhance employee efficiency levels with an engaging work culture. Our existing '5S Work Place Management' model continues to result in improved productivity and efficiency levels of our employees across operations.



Wellbeing

Employee wellbeing remains of vital importance to the productivity and retention of people at Solar. We continue to invest in various programs aimed at strengthening the employee engagement across our area of operations. During the year we conducted a number of training and development programs aimed to empower the employee skill sets.

1130+

Total man-hours of training

71+

Training programs conducted

Diversity

At Solar we are continuously striving to build an inclusive culture that encompasses people of diverse backgrounds. Being a company with a global presence, we monitor our commitments towards diversity inclusion, with policies framed to promote equality for all. We are striving to have a balanced proportion of women workforce and promote diversity in true sense.

Health & Safety

Operating in an highly sensitive industry environment, at Solar we are working towards building an environment and culture where safety underpins the operational process. All our plants are certified with ISO 14001:2015 and OHSAS 18001:2007 and certificates, that ensure best practices. Our Health & Safety Policy elaborates the proactive, precautionary and post-accidents measures that need to be followed under multiple circumstances.

3.09

Million hours of injury-free workforce

2879

Training programs conducted



# Social & Relationship Capital

Social capital for us has always been of paramount importance. This is driven by our promise to serve the cause of the Nation, the States, the local communities and the surrounding ecosystem. We endeavour to conduct our business responsibly, mindful of our social accountability, respect the law of the land where we operate and with regard for human dignity.



Over a period of time, our social initiatives have evolved from being focused on **“giving to society”** to **“creating an enabling environment”**.



### Our vision

**"to actively contribute to the social and economic development of the communities in which we operate. In so doing build a better, sustainable way of life for the weaker sections of society and raise the country's human development index".**



During the year, we spent

**₹6.12 crores**

on societal activities. We also strongly encourage our employees and partners in fostering a sense of social commitment for stakeholders through various volunteering programmes and projects.

### Disaster management, including relief, rehabilitation and reconstruction activities

As our country grappled with the COVID-19 crisis, we continued our efforts to ensure the health and well-being of people. We supplied PPE kits, masks, sanitizers and other essentials to fight the pandemic and curtail the virus outbreak.

● COVID-19 relief efforts in Nagpur



## Education

Education forms a vital role in a person's life. We continue to promote education and improve the overall learning environment for underprivileged students



- Contributed for promoting education amongst tribal students
- Contributed towards the development of ICT Infrastructure in the school
- Contribution for construction of school Building

## Health & Hygiene

To ensure access to specialised medical facilities, we have made efforts towards promoting programmes for prevention, detection and treatment of cancer. We also extended our support to fulfil the healthcare needs of disabled people.

- Contributed towards arranging Mega Camps for disabled persons
- Contributed towards organizing Cancer Awareness Programmes and Cancer Detection Camps



## Rural Development

At Solar, we are committed to promote inclusive growth of communities. Our rural development programs are aimed at improving livelihood opportunities.

- Contribution for setting up of R&D Centre for the development of medicines from Cow Waste at Govigyan Anusandhan Kendra

## Environment Sustainability

We continue to respect, protect and make efforts to restore the environment and with an aim to maintain a positive ecological balance.



- Contribution towards environment stability and ecological balance through plantation of saplings
- Construction of Bandharas
- Contribution towards harvest and conserve rain water

## Skill Development

Realizing the need to foster a skilled workforce, Solar encourages and empowers people with better opportunities through its skill development initiatives. Our contributions in building infrastructure for dedicated skill development programs are directed towards achieving the nation's goal of 'self-reliance' in every field.

- Contribution towards construction and development of Skill Development Centre "UDAN" in aerospace and defence sector





# Natural Capital

Responsibility towards our natural environment lies at the core of our business objectives, motivating us to judiciously manage our natural resources while constantly indulging in endeavours that ensure environmental sustainability.



#### Focus areas



Waste water recycling and management



Water conservation and management



Air pollutant reduction initiative



Energy efficiency and management



Waste water management

#### Our approach

At Solar, we recognize the importance of maintaining a symbiotic and healthy relationship with our natural environment. Since our inception, we have strived to reduce the environmental impact of our activities, products and services on our ecosystem and consider it a critical aspect for long-term business success.

In an effort to manage our ecological footprints and assess the impact of our operations on the natural environment, we regularly review our environmental policies and introduce new initiatives to fulfil our goals. We strive to reduce carbon emissions, maximise energy conservation, ensure efficient usage of water, reduce waste and increase sustainable use of resources.

All our manufacturing facilities in India are ISO 14001:2015 and OHSAS18001:2007 certified, maintaining stringent compliance to environmental regulations. Further, during the year under review, we continued to comply with relevant laws and regulations and kept emission levels well below prescribed limits. We conducted 416 internal and external audits during FY 2019-20 to ensure complete adherence to environmental standards.





## Waste water recycling and management

At Solar, we encourage efficient utilization of water. Therefore, we strive to reduce, reuse, and recycle water within our facilities. We have also established specific exploration systems and effluent treatment processes to manage waste water generated from our operations. We stringently monitor the waste water treatment process and undertake initiatives to further reduce water consumption.

# 89278 KL

Water recycled in FY 2020



## Water conservation and management

With a rapidly increasing population and fervent climate change, demand for water is anticipated to double in the near future. Water scarcity is a serious issue all over the world and we, at Solar, do our part to minimise water consumption and enable efficient use of water. It not only helps us to protect the ecological balance but, also promotes performance and cost efficiencies across operations.

To initiate rain water harvesting at our manufacturing plants, we have developed ponds in accordance with the guidelines provided by the hydro-geological department. Further, to preserve rainwater, we have constructed check dams. Along with this, we have installed efficient water fixtures, sensors and steam traps to control water usage.

Our reverse osmosis system also helps to increase water recovery from effluent water. Further, we continue to save a significant amount of water every year with our efficient water recirculation system.

## Initiative to reduce air pollution

Countries across the globe have reported alarming levels of pollution and its growing impact on the climate. At Solar, we feel it is important to address the issue immediately and go beyond measuring and monitoring our emission levels to ensure emission reduction across our facilities. We have installed efficient dust collectors & bag followers to control particulate emissions from boilers. Further, through our efficient scrubber systems, we continue to effectively treat acid gasses and fumes generated during manufacturing processes.

To reduce emissions caused by uncontrolled burning of crop stubs, we have commissioned bio- briquette fired boilers. We also ensure proper and efficient handling of liquid chemicals and solvents to reduce the emission of volatile organic compounds. Secondary vent condensers with chilled brine / chilled water have been installed on reactors and distillation facilities to prevent emission of hazardous gas. Going forward, we plan to install online emission monitors at the stack to check our emission levels across manufacturing units.

## Energy efficiency

We continue to set energy reduction targets across our operating units while ensuring optimal energy performance. We have undertaken an array of initiatives including replacement of ordinary, CFL lamps and Sodium Vapour lamps with LED lights and utilization of energy efficient equipment in place of old and obsolete pumps and motors that consume a lot of energy. We have also installed variable refrigerant flow technology for air conditioners to optimise our energy consumption. These initiatives not only enhance cost-efficiency but, also helps us to ensure energy efficiency across operations.



# Risk Management

## Financial Capital



### Key Risks

#### Economic Environment

A slowdown in the global and domestic economy is unavoidable amidst geo-political tensions, trade wars and recent outbreak of Covid-19 virus, disrupting business transactions and continuity.

#### Competition

A competitive landscape may erode our market share and disrupt growth.

#### Currency risk

The currency volatility impacts the purchase price and might hamper transactions exposure thereby impacting margins.

#### Raw material prices

Fluctuations in raw material prices like Ammonium Nitrate, fuel and industrial chemicals (that are linked to international traded commodities) might affect profitability.

### Controls in Place to Mitigate the Risks

While an inevitable global recession looms with the outbreak of Covid-19, it is expected that the business activities across the globe will bounce back. The Company's diverse global presence with a diversified product portfolio will help to register a steady recovery post the temporary slowdown.

We are one of the leading global manufacturer of industrial explosives and initiating systems, our products well accepted in 51 Countries. With more than two decades of experience, investments, licenses, product portfolio, capacities and market presence, we stand ahead of any possible threat by an existing or new player.

As a core policy of hedging, Solar enters into foreign currency forward contracts to avoid any major fluctuations in payments.

We have a price escalation clause with major clients. This helps mitigate the fluctuations to a large extent, with a minimal possibility that is unavoidable.

Level of Impact

## Human Capital



### Key Risks

#### Occupational Health & Safety

Operating in a critical industry, non-adherence of safety measures at plant locations might result in injury or loss of lives and affect business sustainability.

#### Human Capital

Inability to retain talented team members and finding difficulty in hiring new people may hinder the growth strategy of the Company.

### Controls in Place to Mitigate the Risks

We have laid out stringent policies and procedures, benchmarked to global best practices. An extensive and regular training and awareness programs are conducted to ensure improvement and building of safe practices at work place.

At Solar, we invest in development of skills that ensure employee retention and value-addition towards the organization. A detailed HR policy defines the employee engagement, hiring process and succession plans to ensure the team works collectively towards the long-term objectives.

Level of Impact

## Social and Relationship Capital



Level of Impact



### Key Risks

#### Compliance risk

Failure to comply to existing laws, rules and regulations across multiple geographies (that Solar is present) might challenge operational functionality



### Controls in Place to Mitigate the Risks

Solar has a prudent business approach backed by continuous monitoring with high quality control and assurance systems in place. Our strong compliance team ensures adherence to evolving rules and regulations with a strong understanding of local operating environment in each country of presence.

#### Customer relationship management

Loss or churn of customers might result in loss of revenue thereby raising questions of business viability.



At Solar, we manage our customer relations as an ongoing process to ensure sustainable business growth. A significant portion of our revenue is generated from existing clients validating our strong customer relationship management.

## Intellectual Capital



Level of Impact



### Key Risks

#### Information technology risk

There is a continuous need to have an adequate and effective IT governance in place with a integration of IT systems.



### Controls in Place to Mitigate the Risks

We have developed a comprehensive information technology system in place that helps identify any possible breach of security through cyber crime. A detailed policy framework and constant upgradation of software and hardware help in effective data management.

## Manufactured and Natural Capital



Level of Impact



### Key Risk

#### Permits and license to operate

We supply in more than 51 countries and given the nature of our industry, we require multiple approvals along with various licenses and certificates to operate. Our inability to timely obtain various licenses and certificates might have adverse impact on our operations.



### Controls in Place to Mitigate the Risks

At Solar, we constantly monitors changing market contexts and maintain strong relationship with various industrial and government bodies across the globe. Further, we possess all the required licenses, permits and certifications to supply, produce and offer critical industrial explosive and defence products. We also leverage our strong relationship with multiple stakeholders to secure and maintain our licences and certifications to operate.

#### Environment deterioration

Conducting business operations with violation of environment protection rules might hinder business activities and result loss of investor confidence.



At Solar, we have built an integrated manufacturing system in place that helps recycle resources and minimize waste. Our investment in enhancing waste management systems, over the years, has helped reduce negative impact on the environment.

Level of Impact



Low



Medium



High

# Board of Directors



**Shri Satyanarayan Nandlal Nuwal**  
Chairman and Executive Director



**Shri Manish Satyanarayan Nuwal**  
Managing Director & CEO



**Shri Anil Kumar Jain**  
Executive Director



**Shri Suresh Menon**  
Executive Director



**Shri Dilip Patel**  
Non-Executive Independent Director



**Shri Ajai Nigam**  
Non-Executive Independent Director



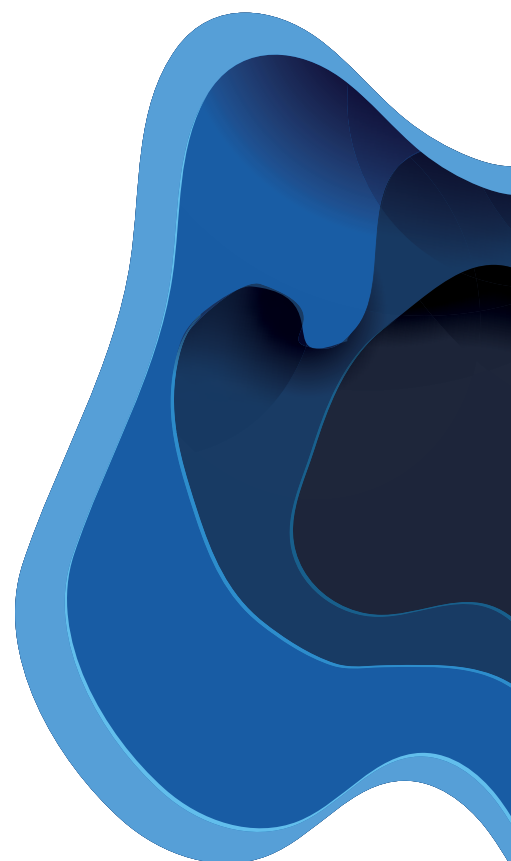
**Smt. Madhu Vij**  
Non-Executive Independent Director



**Shri Amrendra Verma**  
Non-Executive Independent Director



**Shri Sunil Shrivastav**  
Non-Executive Independent Director





# Corporate Information

### Board of Directors

**Shri Satyanarayan Nuwal**  
Chairman and Executive Director

**Shri Manish Nuwal**  
Managing Director and CEO

**Shri Anil Kumar Jain**  
Executive Director

**Shri Suresh Menon**  
Executive Director

**Shri Dilip Patel**  
Non-Executive Independent Director

**Shri Ajai Nigam**  
Non-Executive Independent Director

**Shri Amrendra Verma**  
Non-Executive Independent Director

**Smt. Madhu Vij**  
Non-Executive Independent Director

**Shri Sunil Srivastav**  
Non-Executive Independent Director of the Company w.e.f. February 11, 2020

**Chief Financial Officer**  
Shri Nilesh Panpaliya

**Company Secretary & Compliance Officer**  
Smt. Khushboo Pasari

**Corporate Identification Number**  
L74999MH1995PLC085878

**Registered Office**  
"Solar" House 14, Kachimet, Amravati Road, Nagpur, MH 440023  
Ph: +91-712-6634555  
E-mail: solar@solargroup.com

### Statutory Auditors

**M/s S R B C & Co. LLP**  
12th Floor, The Ruby, 29 Senapati Bapat Marg, Dadar (West), Mumbai- 400028, India

Registered Office: 22, Camac Street, Block 'B', 3rd Floor, Kolkata-700016

Jointly with

**M/s Akshay Rathi & Associates**  
601, Vignesh Square, Opposite Dinanath School, Near Dhantoli Garden, Dhantoli, Nagpur- 440012

### Bankers

State Bank of India  
Axis Bank Limited  
HDFC Bank Limited  
ICICI Bank Limited  
Yes Bank Limited  
IndusInd Bank Limited  
IDFC Bank Limited  
Standard Chartered Bank  
First Rand Bank  
Bank of India  
United Bank of India

### Registrar and Transfer Agents

M/s Link Intime India Pvt Ltd.  
C-101, 247 Park LBS Marg, Vikhroli (West) Mumbai – 400083  
Tel No. – 022-49186000  
E-mail: rnt.helpdesk@linkintime.co.in

### Audit Committee

**Shri Dilip Patel**  
Chairman

**Shri Ajai Nigam**  
Member

**Shri Amrendra Verma**  
Member

**Shri Manish Nuwal**  
Member

**Smt. Madhu Vij**  
Member

### Stakeholders Relationship Committee

**Shri Amrendra Verma**  
Chairman

**Shri Manish Nuwal**  
Member

**Shri Anil Kumar Jain**  
Member

### Nomination and Remuneration Committee

**Shri Amrendra Verma**  
Chairman

**Shri Dilip Patel**  
Member

**Shri Ajai Nigam**  
Member

### Corporate Social Responsibility Committee

**Shri Satyanarayan Nuwal**  
Chairman

**Shri Manish Nuwal**  
Member

**Shri Ajai Nigam**  
Member

### Risk Management Committee

**Shri Manish Nuwal**  
Chairman

**Shri Anil Kumar Jain**  
Member

**Shri Suresh Menon**  
Member

**Shri Dilip Patel**  
Member

**Shri Amrendra Prasad Verma**  
Member

**Shri Sartaj Singh**  
Member

**Shri Nilesh Panpaliya**  
Member

**Shri Vivek Aprajit**  
Member

### Grievance Redressal Division

investor.relations@solargroup.com

# Management Discussion and Analysis

## Indian Industrial Explosives Industry

The explosives industry in India has been on a continuous rise mainly driven by the mining & infrastructure segment, housing development and improvement in the public transportation. Along with growth in these segments, the government of India's plan to reduce the import of coal through reforms and initiatives is likely to increase domestic production and will in turn contribute to the growth of the explosives industry.

### Market drivers in the Indian Explosives Industry

#### Mining industry

Mining explosives are used in the mining industry to extract ore and discover the antibodies, they are high hazard blasting explosives. they are widely used in coal mining, quarrying mining, non-metal mining, and metal mining. The mining explosives are used by oil and gas industries to build pipelines, the construction industry uses it to build infrastructure, the forest sector to build roads. The aerospace industry needs explosives to fuel the rockets to land satellites into space, and there are many other uses of explosives.

Furthermore, initiatives by governments of various economies to tap abundant underground mineral resources to achieve higher GDP aids in boosting the market growth. Currently, the global industrial explosives market has witnessed vivid opportunities due to upsurge in mining activities, especially in developing economies across the globe.

Amid the COVID-19 crisis, the global market for Explosives estimated at 22.4 Million Metric Tons in the year 2020, is projected to reach a revised size of 29.1 Million Metric Tons by 2027, growing at aCAGR of 3.8% over the period 2020-2027. Blasting Agents, one of the segments analyzed in the report, is projected to record 3.7% CAGR and reach 24.6 Million Metric Tons by the end of the analysis period. After an early analysis of the business implications of the pandemic and its induced economic crisis, growth in the Other Segments segment is readjusted to a revised 4.2% CAGR for the next 7-year period.

The Explosives market in the U.S. is estimated at 6 Million Metric Tons in the year 2020. China, the world's second largest economy, is forecast to reach a projected market size of 6.2 Million Metric Tons by the year 2027 trailing a CAGR of 6.8% over the analysis period 2020 to 2027. Among the other noteworthy geographic markets are Japan and Canada, each forecast to grow at 1.2% and 2.9% respectively over the 2020-2027 period. Within Europe, Germany is forecast to grow at approximately 1.9% CAGR.

Asia-Pacific accounted for the largest revenue share in the global industrial explosives market. Factors such as low labour costs, the abundance of earth minerals, and the rise in preference toward the use of explosives fuel the demand for industrial explosives,

especially in China, India, Australia, and Indonesia. Countries in Asia-Pacific focus on mining activities to extract precious mineral resources and fuel their GDP.

By the end-use industry, the mining industry accounts for the largest industrial explosives market share. Government directive toward efficient utilization of minerals & coal reserves coupled with a rise in demand for minerals & coal across various end-uses has led to an increase in mining activities. Also, an increase in demand for coal from thermal power plants and various other industries increases the overall use of industrial explosives in the non-metal mining industry, thus boosting the growth of the global market.

With Mining Services deemed essential services and most mines still operational, COVID-19 is anticipated to have a limited impact on explosives volumes with the major players relying on frequent planning reviews to match demand patterns from major mining customers.

Similarly, many sand and gravel quarries are likely to remain operational although weak demand for sand and gravel across the construction sector and from glass and concrete manufacturers is anticipated to flow through to explosive manufacturers in the form of subdued explosives demand.

New technology-based offerings are being adapted to meet COVID-19 restrictions with cloud-based digital platforms being used to support the industry's customers working remotely. However, in some instances mining customers are delaying the trial or uptake of new technology-based systems in view of COVID-19 related uncertainties.

However, stringent government regulation on possession, transportation, and use of explosives is a factor that could hamper growth of the global explosives market. In addition, changing costs of raw material is another factor is also expected to affect growth of the target market. Nevertheless, increasing construction sector in developing and underdeveloped countries can create high revenue opportunities for players in the global explosives market.

*By the end-use industry, the mining industry accounts for the largest industrial explosives market share. Government directive toward efficient utilization of minerals & coal reserves coupled with a rise in demand for minerals & coal across various end-uses has led to an increase in mining activities.*

### Coal Mining

The country is the 2nd largest<sup>13</sup> producer of coal after China and has a reserve of 315 billion tonnes. Coal mining consumes 65% of the total explosives used in India. The major producers of coal are Coal India Ltd, the largest Coal producing company in the world and also the single largest consumer of explosives in the world. Other major coal producing companies are the state owned Singareni Collieries Company Ltd (SCCL), captive coal mines and private mines. The production of coal in India was 736 million tonnes in FY 2019-20 as compared to 739 million tonnes in FY 2018-19.

Coal India produced 602.14 million tonnes of coal in FY 2019-20 as compared to 607 million tonnes in FY 2018-19. The over burden removal in Coal India decreased to 1,155.55 million cubic meters in FY 2019-20 as compared to 1,184 million cubic meters in the previous year. This decrease in over burden removal was mainly due to certain contractual issues that delayed the finalisation of overburdened removal (OBR) contracts and land acquisition issues in the 1st quarter of the financial year. Other issues such as unprecedented monsoons in the second and third quarter severely affected the production of coal and extraction of OBR. However, Coal India has planned to increase the production of coal from the current 602 million tonnes to 925 million tonnes by FY 2025-26. The company has taken an ambitious target of 710 million tonne coal production and 1579 million cubic meters of OBR in FY 2020-21 this of course appears to be high as Coal India Limited has failed to achieve a target of 660 million tonnes in FY 2019-20. To facilitate this goal of higher production, the company has obtained environmental clearance for many greenfield projects. To expedite evacuation of coal which has been a major bottle-neck, two new railway lines have also been completed to hitherto unapproachable coal blocks in Chhattisgarh which became operational in October 2019 and in Orissa which opens up large coal fields. The company is also investing around ₹7,000 crore during the year for high capacity excavators & dumpers and about ₹700 crore for the procurement of 'Rakes' to increase evacuation of coal. These initiatives are likely to help the company in the long term to meet its production targets.

The finance minister has recently allocated ₹50,000 crores towards evacuation of coal which will help to boost the production of coal in future.

SCCL produced 64.02 million tonnes of coal in FY 2019-20 as compared to 64.4 million tonnes in the previous year. SCCL's OBR stood at 353 million cubic metres in FY 2019-20 as compared to 377 million cubic metres in the previous year. The company also plans to increase the production of coal from 64 million tonnes to 84 million tonnes by FY 2025-26. The company has clearance for 13 new blocks. It has also one block in Odisha (Naini coal blocks) with 5 million tonnes per annum capacity which will go operational in March 2021.

### Outlook

With commencement of bidding for commercial mining of coal in India, large international mining companies are expected to enter this segment with latest technologies. This will augur well for the explosive industry as coal producing companies will procure explosives for value addition rather than commodity purchase as done by PSU's. The government is also determined to reduce the country's coal import from 242.9 million tonnes and reduces its foreign exchange outflow which stands at about ₹2 lakh crore. However, the production of coal is likely to slow in the near term as the sector has been impacted by the recent outbreak of Covid-19 that led to a lockdown in March 2020 and the impact is likely to continue till the 1st and 2nd quarter of FY 2020-21. Although, long term prospects of the sector remain intact as government initiatives and company specific measures are likely to fuel growth.

### Steel and Iron ore

India is second largest producer of steel after China. The production of steel stood at 116.5 million tonnes in FY 2019-20, marginally higher than the production in FY 2018-19 which stood at 111.7 million tonnes.<sup>1</sup> This lacklustre growth in the production of steel was due to the slowdown in the economy that was majorly affected by excessive rainfall in a prolonged monsoon which also affected the Iron Ore mining. The recent outbreak of the Covid-19 has also impacted the sector and would continue to affect in the 1st and 2nd quarter of FY 2020-21. The main consumers of steel would be affected by this outbreak which would result in a muted growth in FY 2020-21. With huge relief measures taken by the Govt of India beyond the budget also constrain investments and dampen the demand further. However, in the long run, demand for steel is likely to grow keeping in line with improved GDP numbers. As per the Ministry of steel, the demand for steel is projected to grow from 111.7 million tonnes in FY 2018-19 to 300 million tonnes by FY 2029-30. This will require approximately 444 million tonnes of iron ore from current production of about 220 million tonnes and 180 million tonnes of limestone among others things. Demand for Indian iron ore has also increased from foreign markets owing to restrictions being lifted by the Supreme Court in the state of Karnataka, Goa & Odisha. This should provide an additional boost in the long run.

### Cement and limestone

Total production of cement in India stood at 334.44 million tonnes in FY 2019-20, making it the second largest producer of cement in the world. Approximately 65% of the total cement production goes into housing construction, 25% in public infrastructure development and 10% in industrial development.<sup>2</sup> Hence the growth in demand for cement is largely dependent on the growth in housing and Infra development. The industry posted marginally lower production as compared to previous year owing to dampen demand due to natural disasters, high and prolonged monsoons that lasted till the end

<sup>1</sup> <https://www.livemint.com/news/india/india-ranks-as-second-largest-steel-producer-of-crude-steel-dharmendra-pradhan-11580904341835.html>

<sup>2</sup> <https://www.ibef.org/download/Cement-September-2019.pdf>

of November 2019. The recent outbreak of Covid-19 that led to a complete lockdown in the economy affected the housing & infra projects and the economy at large. The slowdown is expected to continue in the 1st and 2nd quarter of FY 2020-21. The outlook for FY 2020-21 would be lower than FY 2019-20 on account of lower revenue receipts and down trend in consumption. However, in the long run, with improvement in GDP growth, the demand for cement is projected to be 450 million tonnes by FY 2025-26, up from current. This will necessitate boost in limestone mining which is likely to go up to 600 million tonnes by FY 2025-26.

### Construction Industry

India is poised to become the third largest construction market by 2025 and the Infrastructure Sector is a key driver for the Indian economy.<sup>3</sup> The sector is one of the largest sectors after Agriculture, contributing significantly to the country's GDP. It is expected to reach \$738.5 billion by 2022.<sup>4</sup> There are mainly three segments in the construction industry in India like Real Estate Construction which includes residential and commercial construction, Infrastructure Building which includes roads, railway, power etc, and Industrial Construction that consists of oil and gas refineries, pipelines, textiles and so on. Out of these various segments, the Infrastructure Segment is a priority for the Government. The industry has been witnessing a significant interest from international investors and initiatives like 100% FDI through automatic route in Construction-Development projects like development of townships, construction of residential/commercial premises, road or bridges, hotels, resorts, hospitals, educational institutes, recreational facilities, city and regional level infrastructure and townships will help boost the sector. The explosives industry in the country is expected to take advantage of this increased demand and is likely to grow.

### Infrastructure Development

An investment of ₹103 lakh crore has been announced by the government of India for Infrastructure development in next 5 years. The total investment of ₹103 lakh crore would be shared – 39% by the Central government, 39% by the state governments and 22% by private equity. The major focus areas for this development are roads, ports and airports.

Construction of National Highway during the year FY 2019-20 was about 10237 km against the target of 11,000 km, averaging about 27.43 km/day as compared to 10885 kms in FY 2018-19 which averaged 29.74 kms per day. The shortfall against target of 11000 km is primarily due to excessively heavy monsoon which progressed through to November 2019 and a general slowdown in the economy. This was further aggravated by the global pandemic of Covid-19. However, in hindsight the trend in the last 6 years has shown a progressive improvement and is likely to continue in the future.

Year	Total length of roads constructed (in km.)	Average length per day (in Km./day)
FY-15	4410	12.08
FY-16	6061	16.55
FY-17	8231	22.55
FY-18	9829	26.93
FY-19	10855	29.74
FY-20*	10237	27.43

\*-Estimated

In the budget for FY 2020-21, ₹91,800 crores has been allocated as compared to ₹83,015 crore for FY 2019-20, an increase of 8.3%. Along with Bharat Mala road projects, the transport and road ministry are taking up 22 greenfield expressways as well to decongest the cities which is expected to be completed in 5 years at a cost of ₹3.10 lakh crores. Further, NHAI is to raise ₹65000 Crore in FY 2020-21.

Due to the outbreak of Covid-19, road construction activities have been impacted in the second half of March 2020 and will continue to be impacted in 1st and 2nd quarter of FY 2020-21. Additionally, with the GDP growth expected to go down below 3% may have an impact on the pace of road construction in FY 2020- 21. Although the ministry has taken a target of 11,000 km of highways.

Most of the projects awarded would continue to be from EPC mode since the road sector has not attracted much private equity investment. However, the transport ministry is hopeful of monetizing the assets and is expecting to reasonably achieve the target.

Apart from improving the road construction pace to meet the target, the government has also planned to increase 100 airports and also substantially increase port handling capacities. These activities would perhaps be delayed as the country focuses on fighting Covid-19 and providing massive relief to the weaker sections; but these development are likely to happen in the long term, which augurs well for the Explosives industry.

### Real Estate Industry

Indian real estate industry is expected to reach \$1 trillion by 2030 and would contribute an estimated 13% to the country's GDP by 2025.<sup>5</sup> The real estate industry is at the cusp of transformation and the past decade (2010-2019) has played a crucial role in shaping the sector. The realty sector and its ancillary industries witnessed a series of structural reforms with the advent of RERA, policy change, industry consolidation, and fast prop-tech growth, has helped increase transparency and trust between builders and buyers. Furthermore, the clarion of 'Housing for All' has brought the mid-income housing and affordable housing sector to the foreground. The real estate industry has certainly evolved

<sup>3</sup> <https://www.maiervidorno.com/construction-industry-india-growth-innovative-technologies/>

<sup>4</sup> <https://www.investindia.gov.in/sector/construction>

<sup>5</sup> Indian Brand Equity Foundation



from brick and mortar to a service-driven product offering and the growth of the sector will be largely driven by ever-evolving customer requirements, technological transformations, and a favourable policy environment allowing it to flourish in the future.

### Housing

Another focus area of the government has been the construction of houses for the people falling in the economically weaker section and lower income group. To give a thrust to this issue, Pradhan Mantri Awas Yojna has had been launched by the Government of India and has completed construction of over 1.53 crore<sup>6</sup> houses. As of July 2019, under the scheme 96.57 lakh houses have been sanctioned, 60.95 Lakh houses have been grounded, 32.7 lakh houses have been completed and 31.33 Lakh houses have been occupied.<sup>7</sup> Government is determined to ensure housing for all by 2022. Additionally, to incentivize house construction, government has provided relief measures such as, increase in the set limit of ₹45 lakh per unit for affordable housing, additional tax exemption of ₹1.5 lakh on interest for housing loans, which is over and above the existing ₹2 lakh. These relief measures are expected to increase the demand for housing, resulting higher requirement of stone aggregate, cement, and steel and consequently explosives in the long term. However, the sector has been facing headwinds owing the recent outbreak of Covid-19 and the impact is likely to continue in the first two quarters of FY 2020-21

### Indian Defence Industry

India is probably the only large country in the world which is overwhelmingly dependent on external sources for its defence requirements. India is still ranked as the world's second biggest weapons buyers, just behind Saudi Arabia.

To bolster self-reliance for its defense industrial base, India released a list of 101 weapons and platforms that will be banned from import. The embargo on imports is planned to be progressively implemented between 2020 to 2024. The decision will bring with it a great opportunity for the local defense industry by using domestic design and development capabilities. it is estimated contracts worth almost ₹4 lakh crore (\$53 billion) will be placed upon the domestic industry within the next six to seven years. This will include items worth ₹1.3 lakh crore for the Army and IAF, and another ₹1.4 lakh crore for the Navy.

Currently, India spends about \$18.52 billion annually on weapons and platform purchases, out of which 60 percent is sourced from domestic companies, with remaining supplies coming from foreign vendors. About \$11 billion of those appropriated funds go toward India's 50 state-owned laboratories focused on defense research and development, nine state-owned companies, and 41 ordnance factories. Conversely, private defense companies, including 3,500 micro and small enterprises, get a little over \$2 billion from this.

The Indian government introduced a new draft policy that sets a \$25 billion defense production target, including making \$5 billion from exports, by 2025. The draft policy also said that Ministry of Defence will set up a technology assessment cell to assess industry's ability to design, develop, produce and re-engineer assembly lines to manufacture major systems such as armored vehicles, submarines, fighter aircraft, helicopters and radars. The DPEPP 2020 is envisaged as overarching guiding to provide a focused, structured and significant thrust to defense production capabilities of the country for self-reliance and exports.

Over the past five years, a plethora of policy reforms sowed the seeds for wider private sector participation, to bridge the gap between defence modernisation and indigenisation.

The huge opportunity has attracted the attention of not only a few large players but also a large number of Micro, Small and Medium Sized Enterprises (MSMEs) which visualise this unprecedented opportunity as a gateway towards entering into the domain of defence production. The private sector is enthusiastic about its ability to play a larger role in contributing to the total defence related production both within the country, as well as looking at export markets once sufficient experience has been gained in particular areas. The need of the hour is to combine the skills of Public and Private sector, developing this into a partnership with the aim of achieving self-reliance in defence production.

### Global Industrial Explosives Industry

The explosives industry plays an integral part in mining and in the creation of infrastructure comprising of road, electric power, river linkage, navigable waterways, hydro-power, airport construction, and much more. The industry is expected to reach \$15,888 million by 2022 growing at a CAGR of 6.7% between 2016 to 2022. backed by rapid increase in mining activities, especially in the developing economies globally.<sup>8</sup> Moreover, increase in demand for earth minerals, such as bauxite, iron ore, coal, and gold & silver, are key factors fuelling the market growth.

Furthermore, initiatives by the governments of various economies to tap rich mineral resources to keep pace in the ever-growing competition and to achieve higher GDP are some of the factors that accelerate the market growth.

The largest consumers of explosives are China, United States, Australia, Central & South America. In addition to consumption by the mining industry, a significant volume of explosives is also consumed in infrastructure development and by the construction industry. Coal mining is by far the largest consuming sector for industrial explosives, accounting for about 40%<sup>9</sup> of the total consumption. Coal mining and consequently use of explosives in this segment is expected to grow in the long term for the next 10 years.

<sup>6</sup> <https://www.moneycontrol.com/news/business/real-estate/budget-2019-1-53-lakh-houses-constructed-under-pradhan-mantri-awas-yojana-piyush-goyal-3459291.html>

<sup>7</sup> <https://www.commonfloor.com/guide/pmay-hfa-2019-20-pradhan-mantri-awas-yojana-urban-rural-56021>

<sup>8</sup> <https://www.openpr.com/news/1905879/industrial-explosives-market-will-generate-new-growth>

<sup>9</sup> <https://ihsmarket.com/products/explosives-and-blasting-chemical-economics-handbook.html>

The second-largest end use pertains to metal mining and it accounts for about 33% of the total consumption. Worldwide consumption of explosives by this sector of the mining industry is projected to increase between 2019 to 2024. Because metallic minerals are generally low-grade ores found only in geologically favourable areas of the world, consumption of explosives by this sector of the mining industry follows their geographical distribution. Production of stone for construction and production of cement from quarrying operations accounts for an additional 16% of the world mining market for explosives.

#### Key findings of the Industrial Explosives Market<sup>9</sup>:

- Blasting agents' segment is anticipated to grow.
- Asia-Pacific is estimated to continue to lead the market, growing at a CAGR of 5.7% in terms of volume between 2016 and 2022. High demand for explosives from APAC, coupled with advanced technology from North America, will provide the impetus to mining explosives market, in terms of growth prospects.
- China will occupy about one-third of the total share of the Asia-Pacific industrial explosives market
- India is estimated to grow at the highest CAGR of 8.1% in terms of revenue between 2016 and 2022
- Non-metal mining end-use industry will account for significant share of the mining segment
- Increasing government initiatives of various economies towards enhancing the overall mineral extraction and production capacities to boost their relative GDPs.

#### Major Trends

Asia Pacific region to account for a major share in the overall market value of the global industrial explosives market

APAC region is likely to account for a major share in the global industrial explosives market and is expected to account for about 40% in the overall market. China is expected to lead the market. A steady growth in coal production, especially in India coupled with growing construction spending are the two key growth drivers in the industrial explosives market.<sup>10</sup>

#### Mining and allied industries to experience growth owing to increase in infrastructure and construction spending

Developing regions such as APAC are expected to fuel the growth of the sector. Countries such as India and Indonesia from the APAC region are likely to increase their infrastructure and construction spending. Owing to the increasing demand for sand and stone from the construction industry, the quarrying industry is anticipated to witness steady growth. Demand for industrial explosives is expected to increase in the APAC region because of the large number of housing & infrastructure projects and enhancement of public transportation facilities including railways and roadways is expected to result in significant investment towards tunneling and road development projects.

Companies operating in the mining and exploration segment are channelizing investment towards extracting minerals from the underground mines and are deploying advanced technologies in order to extract mineral-rich resources at deeper levels. Growth in the underground mining is expected to be driven by a growing number of relatively mature mines coupled with stringent regulations.

#### Growth Drivers

- Diverse user base- Explosives are fundamental to a thriving economy. Almost every product or application important today is obtained through or improved by the use of commercial explosives. From cars and trucks to fertilizers and toothpaste, explosives are an integral part of our world
- Delivering critical energy - Explosives are used to help pinpoint oil and natural gas reserves, to perforate downhole well casings so oil or gas can flow, and to mine coal which supplies electrical power to millions of homes and businesses
- Enabling construction - Explosives enable modern construction. The production of materials such as roadbed, asphalt, or concrete, steel girders, insulation, or glass windows are all derived using explosives
- Supporting consumer goods - Gold, silver, and copper obtained through mining form the basis of all electronics. There are 42 different minerals used to make a telephone. Explosives make modern conveniences possible.

<sup>9</sup> <https://www.prnewswire.com/in/news-releases/industrial-explosives-market-is-expected-to-reach-196299-million-by-2022-globally---allied-market-research-602682535.html>

<sup>10</sup> <https://www.persistencemarketresearch.com/market-research/industrial-explosives-market.asp>

### Key International markets



#### Australia

Australia is the third largest Explosives market in the world after China and USA. The Australian Explosive demand mainly rises from the Mining Sector as Infrastructure demand is very low. 85 % of the Australian Explosive market is catered by Two major Global significant players.

The mining sectors in Australia is focused on 3 main areas

- a) Social licence to operate
- b) controlling operational cost – Productivity
- c) Access to key talent.

The explosive Industry catering to the Mining demand follows the same philosophy. During 2019, there has been a rise in Demand of Iron ore as well as coking coal and Australia have hugely benefitted from this demand. However, Thermal coal has seen a down turn trend mainly due to a drop in prices. The rise in demand of Coking coal and Iron ore have seen an overall increase in demand of Explosives during 2019 /20



#### Ghana

Ghana is the largest Gold producer in Africa and the 8th largest producer in the world. Ghana's mining Industry accounts for 5% of its GDP. 37% of the exports from Ghana are mining Minerals of which gold accounts for more than 90%.

Ghana, today presents a very attractive Infrastructure sector for future growth.

During early 2019 the UK pulling out of EU and latter the geopolitical tensions in US and China, have pushed the price of Gold, leading to increased Gold Mining and Explosives demand. Ghana's other mining minerals are Bauxite, manganese and Diamond. We expect a steady growth in the Mining and Explosive demand to continue during 2020.



#### Nigeria

Nigeria's economy grew 2.27% in 2019 and is expected to grow by 2.5% in 2020 and in 2021.<sup>10</sup> The country accounts for about half of West Africa's population with approximately 202 million people and one of the largest populations of youth in the world, making it a key regional player in West Africa.<sup>11</sup> With an abundance of natural resources, it is Africa's biggest oil exporter, and has the largest natural gas reserves on the continent. Mining sector currently contributes about 0.3% to the country's GDP and it is expected to contribute around 3% in the near future as the country has large untapped deposits of minerals including gold, tin and zinc, however about 80% of mining is carried out on an artisanal basis.<sup>12</sup> This expected growth in the mining sector will lead to an increase in demand for industrial explosives.



#### South Africa

South Africa's real GDP is expected to grow by 1.1% in 2020 and 1.8% in 2021 as compared to an estimated 0.7% growth in 2019. Slow growth in 2019 was largely driven by contraction in agriculture, transport and construction. Agricultural sector experienced a fall due to lower production of field crop and horticulture production. On the other hand, mining sector was the strongest performer due to clarity in Mining investment law and land reforms reviews. The increasing cost of and disruptions in electricity supply and, industrial actions resulted in slowdown. The Minerals Council estimates that input costs are rising for the mining sector gauged by inflation which stood at 7.6% during 2019; 2.9% above the national average production inflation rate. Overall, the sector experienced tailwinds which exhibit 1.3% lower production in 2019.

<sup>10</sup> <https://qz.com/africa/1807355/nigerias-economy-has-best-quarterly-growth-since-recession/>

<sup>11</sup> <https://www.worldbank.org/en/country/nigeria/overview>

<sup>12</sup> <https://www.reuters.com/article/mining-indaba-nigeria/update-1-nigeria-sees-exponential-mining-sector-growth-within-five-years-minister-idUSL8N2A53IU>

**Turkey**

After recovering from a recession and registering a growth of 0.2% in 2019, Turkish economy is expected to grow by 3% in 2020 and 2021.<sup>13</sup> The easing of monetary policy by the Central Bank of the Republic of Turkey since July 2019 has allowed public lenders to slash interest rates on housing as well as on consumer and corporate loans, which is expected to give boost to the economy. Turkey is also one of the largest consumers of gold and consequently the mining sector is showing green shoots once again owing to continuous reforms, economic stability, vast mineral deposits and low mining costs. The explosive Industry had a down turn of 30% due to the lower infrastructure demand and the middle east crisis and expects to look up in during FY 2020-21.

**Zambia**

Growth in Zambia's Real GDP in 2019 is estimated at 2% as compared to 4% in 2018. The economy was hit by drought in the south and west which impacted agricultural production and hydropower electricity generation considerably. The economy also faced slower mining, with reduced output and lower copper prices. To bolster growth, the government has set out Seventh National Development Plan (7NDP) that identifies tourism, mining, energy, and agriculture as sectors that drive growth and create jobs and sites for economic diversification. In mining, the 7NDP focuses on mining gemstones and industrial minerals to diversify beyond copper. This initiative of the government is likely to have a positive impact on the mining sector and explosives industry will experience the increased demand.<sup>14</sup>

### Outlook

The industrial explosives market is anticipated to grow owing to driving factors such as increasing mineral extraction activities coupled with tunnel construction and development projects. Increasing demands for industrial explosives for open pit mining will further fuels market growth. However, the market is negatively influenced due to regulatory restriction and compliance and limitations in transportation. However, positive outlook towards the mining sector and favourable government opportunities are likely to open growth opportunities for the explosives industry.

### Corporate Overview

Incorporated in 1995, Solar Industries has evolved from a single site manufacturing company to a globally renowned integrated Industrial Explosives manufacturer as on today. With our experience and expertise gained years of experience and expertise, the Company has strategically moved into defence sector, being the leading private player from the country, to provide ammunition to strategic weapon platforms.

#### Industrial Explosives:

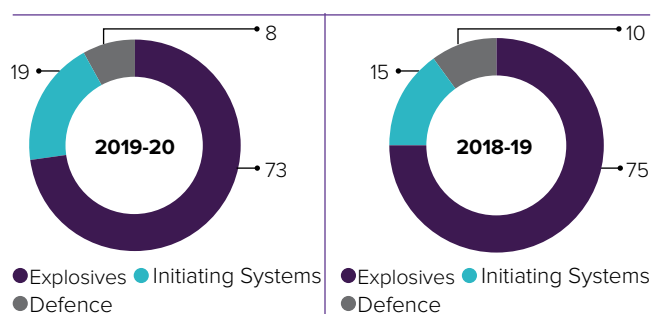
Industrial explosives comprise of -

- Bulk Explosives
- Packaged Explosives
- Initiating Systems

#### Defence Products:

- High Energy Materials (HMX, RDX, TNT & Compounds)
- Composite Propellants for (Pinaka, Akash, Brahmos etc.)
- Explosives Filling of Ammunitions
- Mines, Multi-Mode Hand Grenade, Warheads
- Fuses, Pyros and Igniters
- Rocket Integration

#### Product-wise revenue mix (in %)



<sup>13</sup> <https://www.reuters.com/article/us-turkey-economy-poll/turkish-economy-to-pick-up-some-pace-in-2020-after-stumble-reuters-poll-idUSKBN1ZF09Q>

<sup>14</sup> <https://www.afdb.org/en/countries-southern-africa-zambia/zambia-economic-outlook>



### Opportunities and Threats

#### Opportunities



- As a growing economy, India faces a potential surge in demand for energy. With renewable energy not yet fully scaled-up, the need and production of coal is expected to rise in the near long-term.
- The recent opening of the mining sector for private players, will result in enhanced mineral extraction activities coupled with increased road and tunnel construction and other development projects.
- Fiscal and monetary reforms announced aimed to revive the infrastructure and core sectors post the pandemic are steps in the right direction.
- Atmanirbhar Bharat Abhiyan, the endeavour to make India self-reliant is expected to curb the imports and increase demand for indigenous defence products.
- The government's initiative of opening up the space sector for private participation will unlock India's potential in the space sector.

#### Threats



- Macroeconomic and microeconomic slowdown post the COVID-19 outbreak.
- Environmental factors such as climate change could result into shift from Coal based thermal energy to renewable energy.
- Uncertainties and delays involved in qualification and conversion of order into cash in Defence Sector.

#### Conclusion

While the number of challenges faced by Solar are abundant, the company does possess a promising future. Its overall size, leverage, and financial resources have it well positioned to take advantage of any worthwhile acquisition targets. The Company's product quality and service will insure that it will probably remain a top-tier explosives and initiating service provider going forward. Solar's vast distribution network should enable better production volumes in the near future as the demand is expected to grow in the key markets it operates. Thus, summing up the above conservative investors looking for a reliable source of income and a bit of capital gains exposure may want to keep their associations with Solar group.

## Risk Management

At Solar, the Board continues to have ultimate responsibility for risk management and internal control, with a particular focus on defining the Company's risk appetite, regularly assessing and monitoring principal risks and reviewing reports produced by internal auditors on internal controls and risk reports.

A detailed risk management process and plan is explained on page 36-37 of the report.

## Financial Highlights

(₹ Crores)

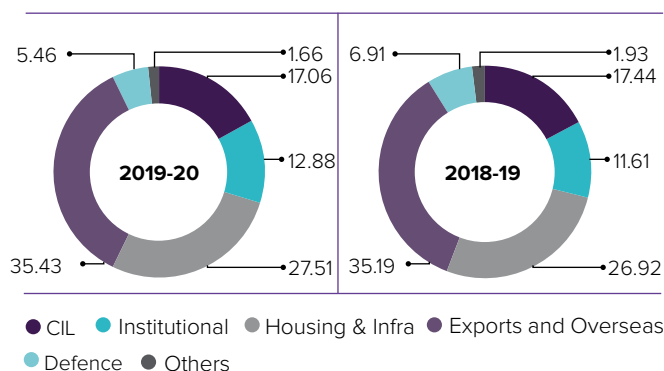
Sl No	Particulars	2019-20	2018-19
1.	Turnover	2237.30	2461.57
2.	EBIDTA	475.37	516.66
3.	Profit before tax	335.80	407.9
4.	Profit after tax	267.43	261.61
5.	EBIDTA margin (%)	21.25	20.99
6.	Earnings per share (₹)	29.55	28.91
7.	Interest cover	7.10	9.18
8.	Gross block	1615.86	1382.56
9.	Net worth	1380.09	1238.33
10.	Book value per share (₹)	152.51	136.84
11.	Return on capital employed (%)	21.71	29.39
12.	Return on Equity (%)	19.38	21.13
13.	Enterprise Value	8899.62	10240.33
14.	Debt to Equity Ratio	0.50	0.48

## Details of Key Financial Ratios (Consolidated)

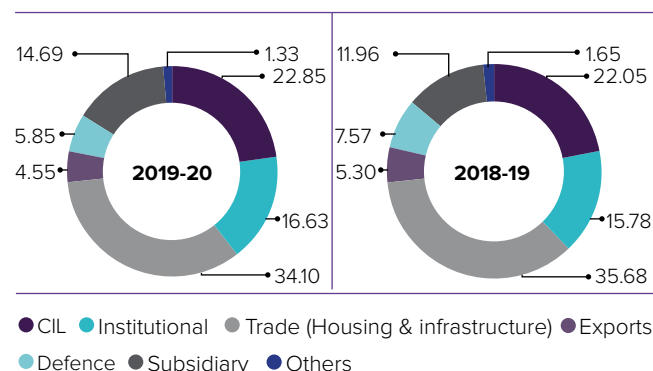
Sl No	Key Financial Ratios	2019-20	2018-19	Variance
1.	Debtors Turnover	5.82	6.46	-9.91%
2.	Inventory Turnover	4.69	6.27	-25.20%
3.	Interest Coverage Ratio	7.10	9.18	-22.66%
4.	Current Ratio	1.34	1.33	1.17%
5.	Net Debt Equity Ratio	0.50	0.48	4.17%
6.	Adjusted Operating Profit Margin	17%	19%	-6.06%
7.	Adjusted Net Profit Margin	12%	11%	10.77%
8.	Return on Net Worth	21%	24%	-10.71%

- The Return on Net Worth for the FY 2019-20 is 21 % and Return on Net Worth for FY 2018-19 was 24% the decrease of 10.71 % in return on net worth is mainly due to lower revenue and profit thereof.
- There is no significant change (i.e. change of 25% or more as compared to the immediately previous financial year) in the other key financial ratios.

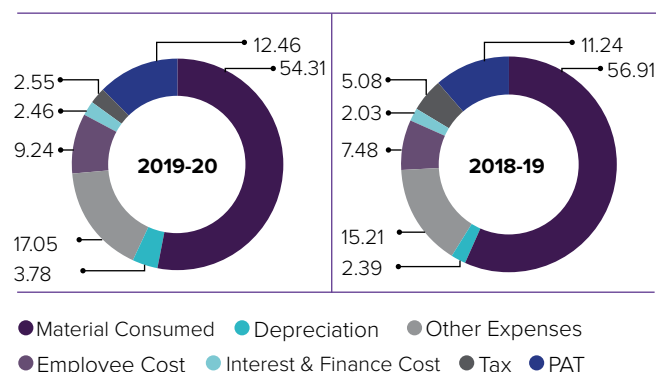
## Customer-wise revenue mix (in %) Consolidated



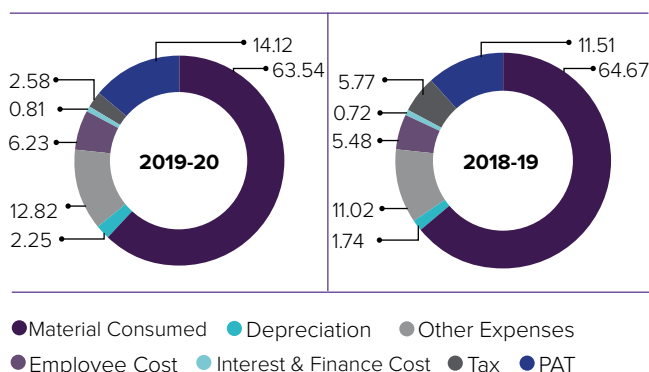
## Customer-wise revenue mix (in %) Standalone



### Annual Expenses Break-up (in %) Consolidated



### Annual Expenses Break-up (in %) Standalone



### Human Resource

At the core of Solar Industries' Human Resource Management (HRM) policy is the underlying belief that employees are the primary source of competitiveness. Hence the focus is on enriching the quality of life of its employees, developing their potential and maximising their productivity. With the Company's Values as the bedrock, the unique attributes of the policy are climate of openness, equity, fairness and respect for the individual, freedom to experiment, mutual trust, and teamwork. Solar Industries is an equal opportunity employer and strives to attract the best available talent and ensure diversity in its workforce. The Company has an employee strength of 6154 as at the end of March 31, 2020 as compared to 6054 on March 31, 2019.

### Internal Control Systems and their Adequacy

Solar Group has optimal internal control systems and procedures in place to handle all its business processes. Solar Group has clearly defined roles and responsibilities for all managerial positions. Its financial parameters are monitored and controlled effectively through its SAP ERP software system. During the year the Company has upgraded its SAP systems to S4 Hana.

The Company's internal control system is commensurate with its size, scale and complexities of its operations. The Audit Committee actively reviews the adequacy and effectiveness of the internal control systems and suggests improvements to strengthen the same. The Company has a robust Management Information System and it has continued its efforts to align all its processes and controls with the best practices. The Audit Committee also meets statutory auditors to ascertain, inter alia, their views on the adequacy of internal control systems and keeps the board of directors informed of its major observations periodically.

The Company has appointed Independent firm of chartered accountants to oversee and carry out internal audit of its activities. The audit is based on an internal audit plan, which is reviewed each year in consultation with the statutory auditors and approved by the audit committee.

The Company has identified inherent reporting risks for each major element in the financial statements and put in place controls

to mitigate the same. These risks and the mitigation controls are revisited periodically in the light of changes in business, IT systems, regulations and internal policies.

Based on its evaluation (as defined in Section 177 of Companies Act 2013 and Regulation 18 of SEBI Regulations, 2015), the audit committee has concluded that, as of March 31, 2020, internal financial controls were adequate and operating effectively.

### Outlook

The Company delivered reasonable performance during the year FY 2019-20, in all its verticals despite facing headwinds in the global environment and slowing down of the Indian Economy.

With the impact of Covid 19 continuing in FY 2020-21 across the globe and all major economies showing negative growth, the company will endeavour to maximise its business in 2020-21 through prudent policies and costs optimisation.

However we will continue to enhance our capacities, develop new products, enter new geographies, as we are confident the Indian and world economy will bounce back by 3rd Quarter of FY 2020-21.

### Cautionary statement

This document contains statements about expected future events, financial and operating results of Solar Industries India Limited, which are forward looking. By their nature, forward looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is a significant risk that the assumptions, predictions and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the management's discussion and analysis of Solar Industries India Limited's Annual Report, 2019-20.

# Board's Report

Dear Members,

The Board of Directors are pleased to present the Board's report together with the Audited Financial Statements of your Company for the Financial Year ended March 31, 2020.

## 1. FINANCIAL HIGHLIGHTS

The Company's Financial Performance (Standalone & Consolidated) for the Financial Year ended March 31, 2020 is summarised below.  
(₹ In Crores)

Particulars	Standalone		Consolidated	
	2019-20	2018-19	2019-20	2018-19
<b>Net Revenue from operations</b>				
(Including Other Income)	1546.89	1684.44	2278.35	2476.29
Less: Expenditure	1248.32	1350.05	1802.98	1959.63
<b>Operating profit (PBIDT)</b>	<b>298.57</b>	<b>334.39</b>	<b>475.37</b>	<b>516.66</b>
Interest	12.17	11.92	55.04	49.87
<b>Profit before Depreciation &amp; Tax (PBT)</b>	<b>286.40</b>	<b>322.47</b>	<b>420.33</b>	<b>466.79</b>
Less: Depreciation	33.96	28.93	84.53	58.89
<b>Profit before Tax &amp; Exceptional item</b>	<b>252.44</b>	<b>293.54</b>	<b>335.80</b>	<b>407.90</b>
Less: Exceptional item	-	6.05	-	6.05
<b>Profit before Tax</b>	<b>252.44</b>	<b>287.49</b>	<b>335.80</b>	<b>401.85</b>
Less: Provision for Taxation	39.04	96.02	57.13	125.05
<b>Profit after Tax</b>	<b>213.40</b>	<b>191.47</b>	<b>278.67</b>	<b>276.80</b>
Other Comprehensive Income	(0.65)	(0.18)	(63.38)	(47.25)
Share of profit transfer to minority	-	-	3.56	(8.76)
Net Profit (after minority interest)	212.75	191.20	218.85	220.79
Balance brought forward	362.14	296.06	573.99	470.62
Balance available for appropriation	574.89	487.35	792.84	691.41
<b>Appropriation:</b>				
Interim Dividend	63.34	54.29	63.34	54.29
Tax on Dividend	13.02	11.16	13.02	11.16
Other Adjustment	(0.15)	0.24	0.81	0.99
Other Comprehensive Income	-	-	(48.71)	(40.82)
General Reserve	75.00	60.00	80.15	91.80
Balance Profit carried to Balance Sheet	423.68	362.14	684.23	573.99
<b>Earning Per Share (EPS)</b>	<b>23.58</b>	<b>21.16</b>	<b>29.55</b>	<b>28.91</b>

### Results of Operation

#### Standalone Reaching

- During the financial year ending on March 31, 2020 the Company achieved turnover of ₹ 1511.54 Crores as against turnover of ₹ 1663.22 Crores achieved during the previous year, which is a decrease in turnover by 9.12 %.
- The Profit After Tax (PAT) for the financial year 2019-20 is ₹ 213.40 Crores against ₹ 191.47 Crores in the previous year 2018-19.
- Profit before Interest, Depreciation, Amortization, Exceptional Items & Tax stood at ₹ 298.57 Crores as against ₹ 334.39 Crores in the previous year.
- Earnings Per Share as on March 31, 2020 is ₹ 23.58 vis a vis against ₹ 21.16 as on March 31, 2019.
- The net worth of the Company has increased and stands at to ₹ 1021.38 Crores in the fiscal year 2020 from ₹ 885.05 Crores at the end of fiscal year 2019.

#### Consolidated Reaching

- During the financial year ending on March 31, 2020 the Company achieved turnover of ₹ 2237.30 Crores as against turnover of ₹ 2461.57 Crores achieved during the previous year, which is a decrease in turnover by 9.11 %.
- The Profit After Tax (PAT) after transferring the share of profit of minority interest for the financial year 2019-20 is ₹ 267.43 Crores against previous year ₹ 261.61 Crores in 2018-19.
- Profit before Interest, Depreciation, Amortization, Exceptional Items & Tax stood at ₹ 475.37 Crores as against ₹ 516.66 Crores in the previous year.
- Earnings Per Share as on March 31, 2020 is ₹ 29.55 vis a vis against ₹ 28.91 as on March 31, 2019.
- The net worth of the Company has increased and stands at to ₹ 1380.09 Crores in the fiscal year 2020 from ₹ 1238.33 Crores at the end of fiscal year 2019.



### 2. TRANSFER TO RESERVES

The Company has transferred ₹ 80.15 Crores to the general reserve out of the amount available for appropriations and an amount of ₹ 684.23 Crores is proposed to be retained in the statement of profit and loss.

### 3. DIVIDEND

Based on the Company's performance, the Directors recommend a payment of ₹ 6/- (Rupees Six only) per equity share of face value of ₹ 2/- (Rupees Two only) each as final dividend for the FY 2019-20, for the approval of shareholders at the ensuing Annual General Meeting ('AGM') of the Company. The Dividend paid for FY 2018-19 was ₹ 7/- (Rupees Seven only) per equity share of face value of ₹ 2/- (Rupees Two only).

The dividend on equity shares including dividend tax for the FY 2019-20 would aggregate to ₹ 54.29 Crores resulting in payout of 20.30% of the unconsolidated profits of the Company.

The dividend declared and/or paid by the Company for the FY 2019-20, is in compliance with the Dividend Distribution Policy of the Company.

The Dividend Distribution Policy, containing the requirements prescribed in Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 can be accessed on the Company's website at the web-link -<https://reports.solargroup.com/DDP.pdf>

### 4. MATERIAL CHANGES BETWEEN THE DATE OF THE BOARD REPORT AND END OF FINANCIAL YEAR

There have been no material changes and commitments, if any affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statement relate and date of the report.

### 5. DEPOSITS

During the year the Company has not accepted deposits from the public falling within the ambit of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

### 6. CREDIT RATINGS

Given below are the ratings given to the Company by CRISIL as on March 31, 2020.

Sr. No.	Particulars	Rating
1	Long Term Borrowings	CRISIL AA+/Stable (Upgraded from 'CRISIL AA/Positive')
2	Short Term Borrowings	CRISIL A1+ (Reaffirmed)
3	Commercial Paper	CRISIL A1+ (Reaffirmed)

The ratings reflect Solar'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 Solar's financial and business profiles with those of its subsidiaries.

### 7. PARTICULARS OF LOAN, GUARANTEES OR INVESTMENTS WITH RELATED PARTIES

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements forming a part of this annual report.

### 8. SUBSIDIARIES AND ASSOCIATES

As a purposeful strategy, your Company carries all its business operations through several subsidiaries and associate companies which are formed either directly or as step-down subsidiaries or in certain cases by acquisition of a majority stake in existing enterprises.

During the year under review:

#### 1. Information on newly incorporated Subsidiary made:

Keeping pace with the strategy of selective internationalisation, the Company has set up a step-down subsidiary Company in Ivory Coast (through Solar Overseas Singapore Pte Ltd) named Solar Mining Services Cote d'Ivoire which was Incorporated on November 04, 2019.

#### 2. Information on acquisition made by the Company:

During the year under review, the Company has acquired 55% stake in Laghe Venture Company (LVC) through its subsidiary Solar Overseas Mauritius Limited, to expand its footprints in Tanzania.

#### 3. Information of the Subsidiary liquidated during the year:

In continuation of the efforts to realign the group structure and consolidate the multi layered structure, Solar Explochem (Ghana) Limited a step down subsidiary of the Company was liquidated on January 16, 2020.

During the year, no other company became or ceased to be a Subsidiary / Associate / Joint Venture company of the Company.

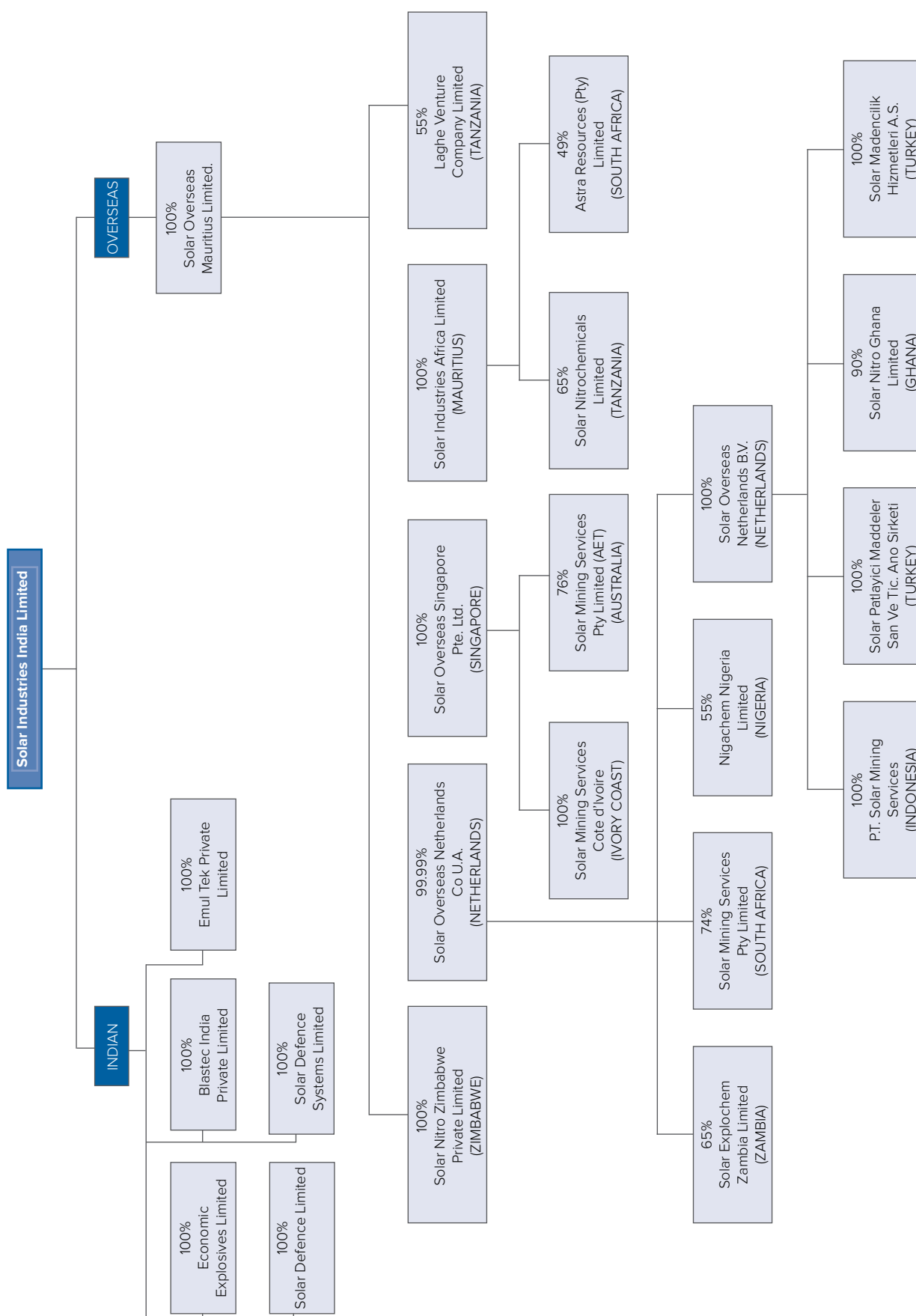
### 9. AUDITED FINANCIAL STATEMENTS OF THE COMPANY'S SUBSIDIARIES

The Board of Directors of your Company at its meeting held on July 31, 2020, approved the Audited Consolidated Financial Statements for the FY 2019-20 which includes financial information of all its subsidiaries, and forms part of this report. The Consolidated Financial Statements of your Company for the FY 2019-20, have been prepared in compliance with applicable Indian Accounting Standards (Ind-AS) and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 requirement.

A report on the performance and financial position of each of the subsidiaries of your Company including capital, reserves, total assets, total liabilities, details of investment, turnover, etc., pursuant to Section 129 of the Companies Act, 2013 in the Form AOC-1 forms part of this report.

In accordance with Section 136 of the Companies Act, 2013, the audited financial statements, including the consolidated financial statements and related information of the Company and audited accounts of each of its subsidiaries, are available on our website [www.solargroup.com](http://www.solargroup.com). These documents will

### Current Holding Structure of Solar Industries India Limited



also be available for inspection during business hours at the registered office of the Company.

### 10. SHARE CAPITAL

The paid up Equity Share Capital as on March 31, 2020 was ₹ 18.10 Crores. There was no change in the Share Capital during the year under review. During the year under review, the Company has not issued shares with differential voting rights nor granted stock options nor sweat equity.

### 11. CORPORATE GOVERNANCE

In terms of Regulation 34 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. A separate section on corporate governance along with a certificate from the auditors confirming compliance is annexed and forms part of the Annual Report.

### 12. RISK MANAGEMENT

The Risk Management committee assists the Board in ensuring that all material risks including but not limited to the risks related to business operations, cyber security, safety, compliance and control and financials have been identified, assessed and adequate risks mitigations are in place.

It takes into consideration the nature, scale and complexity of the business. A detailed note on the risks forms part of the Annual Report and the details of Risk Management Committee and its frequency of meetings are included in the Corporate Governance Report.

### 13. INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

Pursuant to Section 124 and 125 of the Companies Act, 2013 read with the IEPF Authority (Accounting, Audit, transfer and Refund) Rules, 2016 ('the Rule'), all the unpaid and unclaimed dividends are required to be transferred by the Company to the IEPF established by the Government of India, after the completion of Seven Years. Further according to the Rules, the shares on which dividend has not been paid or claimed by the Shareholder for seven consecutive years or more shall also be transferred to demat account of the IEPF Authority. Accordingly the Company has transferred the unclaimed and unpaid dividends of ₹ 84,690. Further, 670 corresponding shares were transferred as per the requirements of IEPF rules. The details of Investor Education and Protection Fund (IEPF) are included in the Corporate Governance Report.

### 14. BOARD DIVERSITY

Your Company has laid down well-defined criteria for the selection of candidates for appointment as Directors, Key Managerial Personnel and Senior Management. There has been no change in the policy since last fiscal.

### 15. DECLARATION BY INDEPENDENT DIRECTORS

The Independent Directors have given declarations that they meet the criteria of independence, as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 16(1) (b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### 16. BOARD MEETINGS

During the year Four Board Meetings were convened and held on May 9, 2019, July 30, 2019, November 7, 2019 and February 11, 2020. The details of which are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

### 17. BOARD COMMITTEES & ITS MEETINGS

The Board of the Company has total five Committees namely Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee and Risk Management Committee. The details of composition and committee meetings during the year are given in the Corporate Governance Report which is a part of this report.

### 18. INTERNAL FINANCIAL CONTROL AND ITS ADEQUACY

The Board has adopted policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, Safeguarding its assets, prevention and detection of frauds, error reporting mechanisms, accuracy and completeness of the accounting records and timely preparation of reliable financial disclosures.

Your Company has an adequate internal controls system, commensurate with the size and nature of its business.

### 19. REPORTING OF FRAUDS

During the year under review, neither the Statutory Auditor nor the Secretarial Auditor has reported to the Audit Committee under Section 143(12) of the Companies Act, 2013, any instances of the fraud committed by the Company, its officers and employees, the details of which would need to be mentioned in the Board Report.

### 20. SECRETARIAL STANDARDS

The Directors state that applicable Secretarial Standards, i.e SS-1 and SS-2 relating to the 'Meetings of the Board of Directors' and 'General Meetings', respectively have been duly followed by the Company.

## 21. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND THE COMPANY'S OPERATIONS IN FUTURE

There are no significant and material orders passed by the regulators or courts or tribunal impacting the going concern status and the Company's operation in future.

## 22. VIGIL MECHANISM

The Vigil Mechanism of the Company also incorporates a Whistle Blower Policy to deal with instance of fraud and mismanagement, if any.

Further, the mechanism adopted by the Company encourages a whistle blower to report genuine concerns or grievances and provides for adequate safeguards against victimisation of the whistle blower who avails of such mechanism as well as direct access to the Chairman of the Audit Committee. The functioning of the vigil mechanism is reviewed by the Audit Committee from time to time. None of the whistle blowers have been denied access to the Audit Committee of the Board.

The details of the Whistle Blower Policy have been explained in the Corporate Governance Report and also posted on the website of the Company at the link <https://reports.solargroup.com/WBP.pdf>

## 23. PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

The Company has zero tolerance towards sexual harassment at the workplace and towards this end, has adopted a policy in line with the provisions of sexual harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules made thereunder. All employees (permanent, contractual, temporary and trainees) are covered under the said policy. During the financial year under review, the company has not received complaints of sexual harassment from any of the women employee of the company.

The Company has complied with the provisions relating to the constitution of Internal Committee (IC) under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 to redress complaints received regarding sexual harassment.

## 24. DIRECTORS AND KEY MANAGERIAL PERSONNEL

### a. Director's Retiring by Rotation

In accordance with provisions of the act and in terms of Articles of Association of the Company, Shri Suresh Menon (DIN: 07104090), Director of the Company, retire by rotation and being eligible offers himself for reappointment.

The Boards of Directors recommends his re-appointment at Item No. 3 of the Notice Calling 25<sup>th</sup> Annual General Meeting for consideration of the Shareholders.

The brief resume and other details relating to Shri Suresh Menon (DIN: 07104090) who is proposed to be re-appointed, as required to be disclosed under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is incorporated in the annexure to the notice calling 25<sup>th</sup> Annual General Meeting.

### b. Director's Appointment & Cessation

#### Appointment

In accordance with Section 161 of the Companies Act, 2013 and of the Articles of Association of the Company, Shri Sunil Srivastav was appointed as an Additional Non-Executive Independent Director of the Company, w.e.f. February 11, 2020 as per the provisions of Section 161(1) of the Act and he shall hold the office upto the date of ensuing Annual General Meeting. The Board recommends appointment of Shri Sunil Srivastav as a Non-Executive Independent Director of the Company for a period of 2 (Two) years for approval of the members at the ensuing Annual General Meeting.

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

#### Re-appointment

1. The Board recommends re- appointment of Smt. Madhu Vij (DIN: 00025006) as a Non Executive Independent Director of the Company for a second term of 5 (Five) years for approval of the members at the ensuing Annual General Meeting.
2. The Board recommends re-appointment of Shri Anil Kumar Jain as an Executive Director of the Company for a period of 1 (One) year and revision in terms of his remuneration, pursuant to Section 196, 197, 198 and 203 read with Schedule V of the Companies Act, 2013 for approval of the members at the ensuing Annual General Meeting.

#### Cessation

Shri Anant Sagar Awasthi, Non-Executive Independent Director has stepped down from the Board effective from March 31, 2020 as his tenure on the Board has been completed. The Directors wish to record their gratitude and appreciation for the wise counseling and contributions by Shri Anant Sagar Awasthi during his tenure as the Director of the Company.

#### Vacation

Shri Kailashchandra Nuwal (DIN: 00374378), Executive Director and Vice Chairman of Solar Industries India Limited has vacated the office of Director with effect from November 7, 2019. His vacation is on account of operation of law arising due to failure to make appropriate disclosures. This failure is violation of Sections 184(1) and 184(2) of the Companies, 2013 read with Rule 9 of the Companies (Meetings of Board and its Powers) Rules, 2014, Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the

“Policy on Related Party Transactions of Solar Industries India Limited”.

Solar Industries India Limited had sought Legal Opinion on above facts, which were received on July 30, 2020 from Retired Judge of Supreme Court of India and a Senior Practicing Company Secretary, wherein they have concluded that Vacation of Office u/s 167 of Shri Kailash Chandra Nuwal has taken place with effect from November 7, 2019.

Accordingly, in terms of Sections 167(1)(c) and 167(1)(d) of the Companies Act, 2013, Shri Kailash Chandra Nuwal's office as Director of Solar Industries India Limited gets vacated with effect from November 7, 2019.

### c. Key Managerial Personnel

Pursuant to the Section 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The Key Managerial Personnel of the Company as on March 31, 2020 are:

- Shri Satyanarayan Nuwal – Chairman and Executive Director,
- Shri Manish Nuwal – Managing Director and Chief Executive Officer,
- Shri Anil Kumar Jain – Executive Director,
- Shri Suresh Menon – Executive Director,
- Shri Nilesh Panpaliya – Chief Financial Officer and
- Mrs. Khushboo Pasari – Company Secretary & Compliance Officer.

Further, Shri Kailashchandra Nuwal, Executive Director and Vice Chairman of the Company has vacated the office of Director w.e.f November 7, 2019.

## 25. BOARD EVALUATION

Pursuant to the provisions of Section 134(3)(p) of the Companies Act, 2013 and Regulation 17(10) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out an annual performance evaluation of its own performance, individual directors, Chief Financial Officer, Company Secretary as well as the evaluation of the working of its Board Committees. Performance evaluation of independent directors was done by the entire board, excluding the independent director being evaluated. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

## 26. NOMINATION & REMUNERATION POLICY

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The Nomination & Remuneration Policy is stated in the Corporate Governance Report.

Policy on appointment of Directors and Senior Management, Policy on Remuneration of Directors and Policy on Remuneration of Key Managerial Personnel and Employees are available at the link <https://reports.solargroup.com/NARP.pdf>

## 27. EXTRACT OF ANNUAL RETURN

As per the requirements of Section 92(3) of the Act and Rules framed thereunder, the extract of the Annual Return for FY 2019-20 given in “Annexure A” in the prescribed Form No. MGT-9, which is a part of this report. The Annual return is available on the website of the Company at [www.solargroup.com](http://www.solargroup.com).

## 28. PARTICULARS OF EMPLOYEES

Disclosures with respect to the remuneration of Directors, Key Managerial Personnel and Employees as required under Section 197(12) of the Companies Act, 2013 and Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are as under:

### a. The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year 2019-20 is as follows:

Executive Directors	Designation	Ratio to median remuneration
Shri Satyanarayan Nuwal	Chairman and Executive Director	104.03
Shri Kailashchandra Nuwal*	Vice Chairman and Executive Director	104.03
Shri Manish Nuwal	Managing Director & CEO	104.03
Shri Anil Kumar Jain	Executive Director	19.72
Shri Suresh Menon	Executive Director	18.55
Shri Anant Sagar Awasthi <sup>#</sup>	Non-Executive Independent Director	0.69
Shri Dilip Patel	Non-Executive Independent Director	1.30
Shri Amrendra Verma	Non-Executive Independent Director	1.39
Shri Ajai Nigam	Non-Executive Independent Director	1.30
Shri Sunil Srivastav <sup>^</sup>	Non-Executive Independent Director	0.92
Smt. Madhu Vij	Non-Executive Independent Director	1.23

Note:

\*Shri Kailashchandra Nuwal, Executive Director and Vice Chairman of the Company has vacated the office of Director w.e.f. November 7, 2019.

<sup>#</sup>Shri Anant Sagar Awasthi has stepped down from the Board w.e.f March 31, 2020

<sup>^</sup>Shri Sunil Srivastav was appointed w.e.f February 11, 2020



**b. The percentage increase in remuneration of each director, chief executive officer, chief financial officer, company secretary in the financial year 2019-20:**

Executive Directors	Designation	% increase in remuneration in the financial year 2019-20
Shri Satyanarayan Nuwal	Chairman and Executive Director	Nil
Shri Kailashchandra Nuwal*	Vice Chairman and Executive Director	Nil
Shri Manish Nuwal	Managing Director & CEO	Nil
Shri Anil Kumar Jain	Executive Director	21.34
Shri Suresh Menon	Executive Director	38.89
Shri Anant Sagar Awasthi <sup>#</sup>	Non-Executive Independent Director	(18.18)
Shri Dilip Patel	Non-Executive Independent Director	(4.11)
Shri Amrendra Verma	Non-Executive Independent Director	29.29
Shri Ajai Nigam	Non-Executive Independent Director	(4.11)
Shri Sunil Srivastav <sup>^</sup>	Non-Executive Independent Director	New Appointment
Smt. Madhu Vij	Non-Executive Independent Director	18.52

Note: There is percentage decrease in Remuneration (sitting fees) of Independent Directors as during the FY 2018-19 five Board meetings were held, however, in the FY 2019-20 four Board meetings were convened..

\*Shri Kailashchandra Nuwal, Executive Director and Vice-Chairman of the Company has vacated the office of Director w.e.f November 7, 2019

# Shri Anant Sagar Awasthi has stepped down from the Board w.e.f March 31, 2020

<sup>^</sup> Shri Sunil Srivastava was appointed w.e.f February 11, 2020

Name of CFO and Company Secretary	Designation	% increase in remuneration in the financial year 2019-20
Shri Nilesh Panpaliya	Chief Financial Officer	10.55
Smt. Khushboo Pasari	Company Secretary and Compliance Officer	13.43

**c. The percentage increase in the median remuneration of employees in the financial year: 8%.**

**d. The number of permanent employees on the rolls of Company: 1717**

**e. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:**

The average annual increase of employees other than Key Managerial Personnel was 9.63 %.The average annual increase of Key Managerial Personnel was 18.2%. The increase in remuneration of employees other than the Key Managerial Personnel is considerably in line with the increase in remuneration of Key Managerial Personnel.

**f. Affirmation that the remuneration is as per the Remuneration Policy of the Company.**

The remuneration paid/payable is as per the Policy on Remuneration of Directors and Remuneration Policy for Key Managerial Personnel and Employees of the Company.

**g. The statement containing names of top ten employees in terms of remuneration drawn and the particulars of employees as required under Section 197(12) of the Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in a separate annexure forming part of this report. Further, the report and the accounts are being sent to the members excluding the aforesaid annexure. In terms of Section 136 of the Act, the said annexure is open for inspection at the Registered Office of the Company and has been uploaded on the website of the Company at [www.solargroup.com](http://www.solargroup.com). Any shareholder interested in obtaining a copy of the same may write to the Company Secretary.**

## 29. RELATED PARTY TRANSACTIONS

All related party transactions are in the ordinary course of business and on arm's length basis and are approved by Audit Committee of the Company except the transaction of a lease agreement which Company has entered into with A.G Technologies Private. Ltd (AGT) in November,2019. The shareholding interest in AGT at that time was not disclosed to the Company and the same was disclosed on July,29 2020. In terms of section 184(3) of the Companies Act,2013, the said transaction is voidable in nature. The Company will decide about the Rent Agreement as advised and in accordance with the law at the next Board Meeting. There are no materially significant related party transactions made by the Company

with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

All other Related Party Transactions were placed before the Audit Committee and also the Board for approval. Prior omnibus approval of the Audit Committee is obtained on a yearly basis for the transactions which are of a foreseen and repetitive nature. The transactions entered into pursuant to the omnibus approval so granted are audited and a statement giving details of all related party transactions is placed before the Audit Committee and the Board of Directors for their approval on a quarterly basis.

The Company has formulated a Related Party Transactions policy indicating the Standard Operating Procedures for purpose of identification and monitoring of such transactions. The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website. None of the Directors has any pecuniary relationships or transactions vis-à-vis the Company.

The details of the related party transactions as per Indian Accounting Standards (IND AS) - 24 are set out in Note 29 (d) to the Standalone Financial Statements of the Company. Form AOC - 2 pursuant to Section 134 (3) (h) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014 is set out in the "Annexure B" to this report.

### 30. HUMAN RESOURCES AND INDUSTRIAL RELATIONS

The Company takes pride in the commitment, competence and dedication of its employees in all areas of the business. The Company has a structured induction process at all locations and management development programs to upgrade skills of manager. Objective appraisal systems based on key result areas (KRAs) are in place for senior management staff.

### 31. MATERIAL SUBSIDIARY

Economic Explosives Limited is a material subsidiary of the Company as per the thresholds laid down under the Listing Regulations. The Board of Directors of the Company has approved a Policy for determining material subsidiaries which is in line with the Listing Regulations as amended from time to time. The Policy was revised effective from April 1, 2019 in line with the amendments made to the Listing Regulations. The Policy has been uploaded on the Company's website at <https://reports.solargroup.com/PFDMS-1.pdf>

### 32. AUDITORS

#### Statutory Auditors

Pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Rules made there under, M/s. S R B C & Co. LLP Chartered Accountants (Firm Registration No. 324982E/ E300003) jointly with M/s Akshay Rathi & Associates, Chartered Accountants (Firm Registration No. 139703W)

were appointed as Statutory Auditor of the Company in the 22<sup>nd</sup> Annual General Meeting till the conclusion of the 27<sup>th</sup> Annual General Meeting of the Company.

M/s. S R B C & Co. LLP, Chartered Accountants (Firm Registration No. 324982E) and M/s Akshay Rathi & Associates, Chartered Accountants (Firm Registration No. 139703W) have confirmed their eligibility and qualification required under Section 139, 141 and other applicable provisions of the Companies Act, 2013 and Rules issued thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force).

#### Auditors' Report

The Auditor's Report for the year ended March 31, 2020 on the financial statements of the Company is a part of this Annual Report. The notes on Financial Statements referred in the Annual Report are self explanatory and do not call for any further comments. The Auditors Report does not contain any qualification, reservation or adverse remark.

#### Cost Auditors

Pursuant to the provisions of Section 148 of the Companies Act, 2013 and The Companies (Cost Records and Audit) Amendment Rules, 2014, the Cost Audit of the Cost and related records of the Company for the year 2019-20 was undertaken by Shri Deepak Khanuja, Partner of M/s Khanuja Patra & Associates, Nagpur the Cost Auditor of the Company.

The Board of Directors of the Company has appointed Shri Deepak Khanuja, Partner of M/s Khanuja Patra & Associates, to conduct the Cost Audit as per Section 148 of the Companies Act, 2013 read with The Companies (Cost Records and Audit) Amendment Rules, 2014 for the financial year 2020-21.

#### Internal Auditor

Pursuant to the provisions of Section 139 of the Companies Act, 2013 and The Companies (Accounts) Rules, 2014, during the year under review the Internal Audit of the functions and activities of the Company was undertaken by the Internal Auditors of the Company on quarterly basis by M/s Ekbote Deshmukh & Co. and M/s D L & Associates the Internal Auditors of the Company.

There were no adverse remarks or qualification on accounts of the Company from the Internal Auditors.

The Board of Directors of the Company has appointed M/s Ekbote Deshmukh & Co. Chartered Accountants and M/s D L & Associates Chartered Accountants, to conduct the Internal Audit as per Rule 13 of the Companies (Accounts) Rules, 2014 prescribed under Section 138 of the Companies Act, 2013 for the financial year 2020-21.

#### Secretarial Auditors:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Secretarial Audit for the year 2019-20 was undertaken by Shri Anant B. Khamankar, Practicing Company Secretary the Secretarial Auditor of the Company.

The Report of Auditors of the Company M/s Anant B Khamankar & Co., Company Secretaries on the Secretarial and related records of the Company is annexed herewith as "Annexure C1 and C2".

The Board of Directors of the Company appointed Shri Anant B. Khamankar, Practicing Company Secretary, to conduct the Secretarial Audit as per Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 prescribed under Section 204 of the Companies Act, 2013 for the financial year 2020-21.

SEBI vide its Circular No. CIR/CFD/CMD1/27/2019 dated February 08, 2019 read with Regulation 24(A) of the Listing Regulations, directed listed entities to conduct Annual Secretarial compliance audit from a Practicing Company Secretary of all applicable SEBI Regulations and circulars/guidelines issued thereunder. The said Secretarial Compliance report is in addition to the Secretarial Audit Report by Practicing Company Secretaries under Form MR – 3 and is required to be submitted to Stock Exchanges within 60 days of the end of the financial year.

The Company has engaged the services of Shri Anant B. Khamankar (CP No. 1860), Practicing Company Secretary and Secretarial Auditor of the Company for providing this certification.

The Secretarial Audit Report and/or Secretarial Compliance Report do not contain any qualification, reservation or adverse remark.

### 33. CORPORATE SOCIAL RESPONSIBILITY

The brief outline of the Corporate Social Responsibility (CSR) Policy of the Company as adopted by the Board and the initiatives undertaken by the Company on CSR activities during the year under review are set out in "Annexure D" of this report in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014. For other details regarding the CSR Committee, please refer to the Corporate Governance Report, which is a part of this report. The CSR policy is available on <https://reports.solargroup.com/PCSR.pdf>.

### 34. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3) (m) of the Companies Act, 2013 read with Rule, 8 of The Companies (Accounts) Rules, 2014, is annexed herewith as "Annexure E".

### 35. STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation of the Consolidated Financial Statements and related information

that are presented in this report. The Board of Directors of your Company at its meeting held on July 31, 2020 has approved the Audited Consolidated Financial Statements for the financial year 2019-20 and its subsidiaries in accordance with Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Accounting Standard (AS-21) and other Accounting Standards issued by the Institute of Chartered Accountants of India. The Consolidated Financial Statements of your Company for the financial year 2019-20, are prepared in compliance with applicable Accounting Standards based on management's estimates, assumptions and judgments where applicable as well as Listing Regulations as prescribed by the Securities and Exchange Board of India.

The Company has built adequate systems of internal controls aimed at achieving efficiency in operations, optimum utilization of resources, effective monitoring and compliance with all applicable laws.

The Internal Audit function monitors the effectiveness of controls, and also provides an independent and objective assessment of the overall governance processes in the Company, including the application of a systematic risk management framework. The Audit Committee of the Board reviews major internal audit reports as well as the adequacy of internal controls.

### 36. COVID-19 UPDATES

In the last month of FY 2019-20, the COVID-19 pandemic developed rapidly into a global crisis, forcing governments to enforce lock-downs of all economic activity. For the Company, the focus immediately shifted to ensuring the health and well-being of all employees. Solar Group is closely monitoring the global outbreak of coronavirus (COVID-19), and the Company has implemented a number of measures to protect our employees, communities and operations so the supply and movement of materials as well as the services that customers and society depend on from the Company are not impacted.

Beyond basic actions like encouraging employees to intensify their personal hygiene practices and instituting significant travel restrictions, here is a sample of the steps we are taking to ensure business continuity during this challenging and unpredictable period:

- Work from home regime adopted for staff wherever possible before government restrictions were announced and meetings conducted electronically to minimize face-to-face interaction.
- Implementing a social-distancing program at all our sites in which people are encouraged to maintain a distance.
- Limiting / Barring the number of outside contractors, vendors and visitors at our sites, as well as face-to-face interactions between Solar Group employees and outsiders.

- Working closely with our suppliers, vendors and customers to minimize the risk of supply-chain disruptions
- Assessment of customers done with respect impact on demand post Reopening.
- Collaboration with vendors: Vendor's were given timely payments despite the lockdown which in-turn helped as when the business reopened our orders have been given priority.
- Staff : All salaries due were paid on time without any delays.
- Statutory Dues / Term Loan: All due terms loans and Statutory Dues were paid as per schedule.

Although there are uncertainties due to the pandemic and reversal of the positive momentum gained in the last quarter of FY2020, the strong balance sheet position, best-in-class profitability and inherent resilience of the business model position the Company well to navigate the challenges ahead and gain market share.

### 37. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A detailed review of operations, performance and future outlook of your Company and its businesses is given in the Management Discussion and Analysis, which forms part of this Report as stipulated under regulation 34(2)(e) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### 38. BUSINESS RESPONSIBILITY REPORT

The Business Responsibility Report ("BRR") of the Company for the year 2019-20 forms part of this Annual Report as required under Regulation 34(2) (f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

### 39. DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to Section 134 (3) (c) of the Companies Act, 2013 the Board of Directors hereby confirms that:

- In the preparation of the annual accounts of the Company for the year ended March 31, 2020, the applicable Accounting Standards had been followed and there are no departures;
- Accounting policies have been selected and applied consistently and judgments and estimates made that are reasonable and prudent so as to give true and fair

view of the state of affairs of the Company at the end of the financial year March 31, 2020 and of the profit of the Company for that year ended on that date;

- 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;
- Annual accounts for the year ended March 31, 2020 have been prepared on a going concern basis.
- Internal Financial controls were in place and that the financial controls were adequate and were operating effectively.
- Systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

### 40. CEO/CFO CERTIFICATION:

As required Regulation 17(8) read with Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the CEO/CFO certification is attached with the annual report.

### 41. APPRECIATION & ACKNOWLEDGEMENT

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

The Directors also thank the Government of India, Governments of various states in India, Governments of various countries and concerned Government departments and agencies for their co-operation.

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

For and on behalf of the Board

Place : Nagpur  
Date : July 31, 2020

(Satyanarayan Nuwal)  
Chairman

# ANNEXURE 'A'

## EXTRACT OF ANNUAL RETURN

As on the financial year ended March 31, 2020

[Pursuant to Section 92(3) of the Companies Act, 2013, and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

### FORM NO. MGT – 9

#### 1. REGISTRATION AND OTHER DETAILS

CIN	L74999MH1995PLC085878	
Registration Date	February 24, 1995	
Name of the Company	Solar Industries India Limited	
Category	Public Company	
Sub-Category of the Company	i. Company having Share Capital ii. Limited by Shares	
<b>Address of the Registered Office and contact details</b>		
Address	“Solar” House, 14, Kachimet, Amravati Road,	
Town/City	Nagpur	
State	Maharashtra	
Pin Code	440023	
Country Name	India	
Telephone with STD Area Code Number	(0712) 6634555/6634550	
Fax Number	(0712) 2500200/ 2560202	
E-mail Address	<a href="mailto:Investor.relations@solargroup.com">Investor.relations@solargroup.com</a>	
Website	<a href="http://www.solargroup.com">www.solargroup.com</a>	
Whether listed company	Yes, listed at i) BSE Limited ii) National Stock Exchange of India Limited	
<b>Details of Stock Exchanges where shares are listed:</b>		
<b>Sr. No</b>	<b>Stock Exchange(s)</b>	<b>Stock Code(s)</b>
1	BSE Limited (BSE)	532725
2	National Stock Exchange of India Limited (NSE)	SOLARINDS
<b>Name, address and contact details of Registrar and Transfer Agent, if any</b>		
RTA	M/s Link Intime India Pvt Ltd.	
Address	C-101, 247 Park, LBS Marg, Vikhroli (West)	
Town/City	Mumbai	
State	Maharashtra	
Pin Code	400083	
Telephone with STD Area Code Number	(022) 49186000	
E-mail Address	<a href="mailto:rnt.helpdesk@linkintime.co.in">rnt.helpdesk@linkintime.co.in</a>	

#### 2. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the Business Activities contributing 10% or more of the total turnover of the Company shall be stated:

Sr. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1.	Manufacturing of Industrial Explosives and Initiating Systems	20292	94%



# Explosion of Opportunities

## STATUTORY REPORTS

### 3. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Companies	CIN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
1.	Economic Explosives Limited 11, Zade Layout, Bharat Nagar, Nagpur- 440033, Maharashtra, India.	U24292MH1995PLC091808	Subsidiary	100%	2(87)
2.	Solar Defence Limited 11, Zade Layout, Bharat Nagar, Nagpur- 440033, Maharashtra, India.	U29220MH2016PLC274147	Subsidiary	100%	2(87)
3.	Solar Defence Systems Limited 11, Zade Layout, Bharat Nagar, Nagpur- 440033, Maharashtra, India.	U29253MH2016PLC274677	Subsidiary	100%	2(87)
4.	Emul Tek Private Limited 11, Zade Layout, Bharat Nagar, Nagpur- 440033, Maharashtra, India	U24292MH2000PTC274027	Subsidiary	100%	2(87)
5.	Blastec (India) Private Limited 11, Zade Layout, Bharat Nagar, Nagpur- 440033, Maharashtra, India.	U74999MH2000PTC274886	Subsidiary	100%	2(87)
6.	Solar Overseas Mauritius Limited Level 3, GFin Tower, 42, Hotel Street, Cybercity Ebene 72201, Mauritius	C090063	Subsidiary	100%	2(87)
7.	*SMS Bhatgaon Mines Extension Private Limited 267, Fadnavis Bhavan, Near Trangular Park, Dharampeth, Nagpur- 440010, Maharashtra, India	U13209MH2008PTC186729	Associate	49%	2(6)
8.	*Solar Bhatgaon Extension Mines Private Limited 11, Zade Layout, Bharat Nagar, Nagpur-440033, Maharashtra, India	U13200MH2008PTC186685	Associate	49%	2(6)

\* Entities are under the process of striking off

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

#### i) Category wise shareholding

Category of Shareholders	No. of Shares hold at the beginning of the year				No. of Shares hold at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Share	
A. Promoters									
1. Indian									
(a) Individuals/Hindu Undivided Family	66191271	-	66191271	73.1476	66191271	-	66191271	73.1476	0.0000
(b) Central Government/ State Government(s)	0	-	0	0.0000	0	-	0	0.0000	-
(c) Bodies Corporate	0	-	0	0.0000	0	-	0	0.0000	-
(d) Financial Institutions / Banks	0	-	0	0.0000	0	-	0	0.0000	
(e) Any Other (specify)	0	-	0	0.0000	0	-	0	0.0000	-
Sub Total (A)(1)	66191271	-	66191271	73.1476	66191271	-	66191271	73.1476	0.0000
(1) 2. Foreign									
a) Individuals (Non-Resident Individuals/ Foreign Individuals)	0	-	0	0.0000	0	-	0	0.0000	-
b) Bodies Corporate	0	-	0	0.0000	0	-	0	0.0000	-
(c) Institutions	0	-	0	0.0000	0	-	0	0.0000	-
(d) Qualified Foreign Investors	0	-	0	0.0000	0	-	0	0.0000	-
(e) Any Other (specify)	0	-	0	0.0000	0	-	0	0.0000	

Category of Shareholders	No. of Shares hold at the beginning of the year				No. of Shares hold at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Share	
<b>Sub Total (A)(2)</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>0.0000</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>0.0000</b>	<b>0.0000</b>
<b>Total Shareholding of Pro moter and Promoter Group (A)=(A)(1)+(A)(2)</b>	<b>66191271</b>	<b>-</b>	<b>66191271</b>	<b>73.1476</b>	<b>66191271</b>	<b>-</b>	<b>66191271</b>	<b>73.1476</b>	<b>0.0000</b>
<b>B. Public shareholding</b>									
<b>1. Institutions</b>									
(a) Mutual Funds / UTI	16633721	0	16633721	18.3818	15427239	0	15427239	17.0485	(1.3333)
(b) Venture Capital Funds	0	0	0	0.0000	0	0	0	0.0000	0.0000
(c) Alternate Investment Funds	0	0	0	0.0000	0	0	0	0.0000	0.0000
(d) Foreign Venture Capital Investors	0	0	0	0.0000	0	0	0	0.0000	0.0000
(e) Foreign Portfolio Investor	1257098	0	1257098	1.3892	3611800	0	3611800	3.9914	2.6022
(f) Financial Institutions / Banks	4786	0	4786	0.0053	7365	0	7365	0.0081	0.0028
(g) Insurance Companies	1700700	0	1700700	1.8794	1057883	0	1057883	1.1691	(0.7103)
(h) Provident Funds/ Pension Funds	0	0	0	0.0000	0	0	0	0.0000	0.0000
(i) Any Other (Specify)									
<b>Sub Total (B)(1)</b>	<b>19596305</b>	<b>0</b>	<b>19596305</b>	<b>21.6558</b>	<b>20104287</b>	<b>0</b>	<b>20104287</b>	<b>22.2171</b>	<b>0.5613</b>
<b>2. Central Government/ State Government(s)/ President of India</b>									
<b>Sub Total (B)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0000</b>	<b>0.0000</b>
<b>3. Non-institutions</b>									
(a) Individuals									
(i) Individual shareholders holding nominal share capital upto ₹ 1 lakh.	2802271	55	2802326	3.0968	2545509	55	2545564	2.8131	(0.2837)
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 Lakh	755950	0	755950	0.8354	510805	0	510805	0.5645	(0.2709)
(b) NBFCs registered with RBI	47257	0	47257	0.0522	470	0	470	0.0005	(0.0517)
(c) Overseas Depositories(holding DRs) (balancing figure)	0	0	0	0.0000	0	0	0	0.0000	0.0000
(d) Any Other									
i. IEPF	1075	0	1075	0.0012	1745	0	1745	0.0019	0.0007
ii. Hindu Undivided Family	318913	0	318913	0.3524	295286	0	295286	0.3263	(0.0261)
iii. Non Resident Indians (Non Repat)	30623	0	30623	0.0338	34692	0	34692	0.0383	0.0045
iv. Non Resident Indians (Repat)	65796	0	65796	0.0727	62484	0	62484	0.0691	(0.0036)
v. Clearing Member	29121	0	29121	0.0322	6712	0	6712	0.0074	(0.0248)
vi. Bodies Corporate	651418	0	651418	0.7199	736739	0	736739	0.8142	0.0943
<b>Sub Total (B)(3)</b>	<b>4702424</b>	<b>55</b>	<b>4702479</b>	<b>5.1967</b>	<b>4194442</b>	<b>55</b>	<b>4194497</b>	<b>4.6353</b>	<b>(0.5614)</b>
<b>Total Public Shareholding Public Group (B)=(B)(1)+(B)(2)+(B)(3)</b>	<b>24298729</b>	<b>55</b>	<b>24298784</b>	<b>26.8524</b>	<b>24298729</b>	<b>55</b>	<b>24298784</b>	<b>26.8524</b>	<b>0.0000</b>
<b>Total (A)+(B)</b>	<b>90490000</b>	<b>55</b>	<b>90490055</b>	<b>100.000</b>	<b>90490000</b>	<b>55</b>	<b>90490055</b>	<b>100.000</b>	<b>0.0000</b>

# Explosion of Opportunities

## STATUTORY REPORTS

### ii) Shareholding of Promoters

Sr. No	Name of the shareholder	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total shares of the Company	% of Shares Pledge/ encumbered to total shares	No. of Shares	% of total shares of the Company	% of Shares Pledge / encumbered to total shares	
1.	Shri Satyanarayan Nandlal Nuwal	13239254	14.6306	0.0000	13238254	14.6295	0.0000	(0.0011)
2.	Shri Kailashchandra Nandlal Nuwal	20882963	23.0776	0.0000	20882963	23.0776	0.0000	0.0000
3.	Smt. Indira Kailashchandra Nuwal	5568230	6.1534	0.0000	5568230	6.1534	0.0000	0.0000
4.	Smt. Leeladevi Satyanarayan Nuwal	0.0000	0.0000	0.0000	1000	0.0000	0.0000	0.0011
5.	Smt. Sohadevi Nandlal Nuwal	0.0000	0.0000	0.0000	-	0.0000	0.0000	0.0000
6.	Shri Manish Satyanarayan Nuwal	25232069	27.8838	0.0000	25232069	27.8838	0.0000	0.0000
7.	Shri Kailashchandra Nuwal HUF	0.0000	0.0000	0.0000	-	0.0000	0.0000	0.0000
8.	Shri Satyanarayan Nuwal HUF	0.0000	0.0000	0.0000	-	0.0000	0.0000	0.0000
9.	Shri Nandlalji Bodulalji Nuwal HUF	0.0000	0.0000	0.0000	-	0.0000	0.0000	0.0000
10.	Smt. Seema Manish Nuwal	1243440	1.3741	0.0000	1243440	1.3741	0.0000	0.0000
11.	Shri Rahul Kailashchandra Nuwal	25315	0.0280	0.0000	25315	0.0280	0.0000	0.0000
<b>Total</b>		<b>66191271</b>	<b>73.1476</b>	<b>0.0000</b>	<b>66191271</b>	<b>73.1476</b>	<b>0.0000</b>	<b>0.0000</b>

### (iii) Change in Promoters' Shareholding

Sr. No	Name & Type of Transaction	Shareholding at the beginning of the year - 2019		Transactions during the year		Cumulative Shareholding at the end of the year - 2020	
		No. of shares held	% of total shares of the Company	Date of transaction	No. of shares	No. of shares held	% of total shares of the Company
1.	Shri Satyanarayan Nandlalji Nuwal	13239254	14.6306			13239254	14.6306
	Transfer			12 Jul 2019	(1000)	13238254	14.6295
	At the end of the year					13238254	14.6295
2.	Shri Kailashchandra Nandlalji Nuwal	20882963	23.0776			20882963	23.0776
	At the end of the year					20882963	23.0776
3.	Shri Manish Satyanarayan Nuwal	25232069	27.8838			25232069	27.8838
	At the end of the year					25232069	27.8838
4.	Smt. Leeladevi Satyanarayan Nuwal	0	0.0000			0	0.0000
	Transfer			12 Jul 2019	1000	1000	0.0011
	At the end of the year					1000	0.0011
5.	Smt. Indira Kailashchandra Nuwal	5568230	6.1534			5568230	6.1534
	At the end of the year					5568230	6.1534
6.	Smt. Seema Manish Nuwal	1243440	1.3741			1243440	1.3741
	At the end of the year					1243440	1.3741
7.	Shri Rahul Kailashchandra Nuwal	25315	0.0280			25315	0.0280
	At the end of the year					25315	0.0280

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

Sr. No	Name & Type of Transaction	Shareholding at the beginning of the year - 2019		Transactions during the year		Cumulative Shareholding at the end of the year - 2020	
		No. of shares held	% of total shares of the Company	Date of transaction	No. of shares	No. of shares held	% of total shares of the Company
<b>1.</b>	<b>SBI Equity Hybrid Fund</b>	<b>4222788</b>	<b>4.6666</b>			<b>4222788</b>	<b>4.6666</b>
	Transfer			02 Aug 2019	(3500)	4219288	4.6627
	Transfer			27 Sep 2019	(3500)	4215788	4.6588
	Transfer			21 Feb 2020	100248	4316036	4.7696
	Transfer			28 Feb 2020	663766	4979802	5.5031
	Transfer			06 Mar 2020	395986	5375788	5.9408
	<b>At the end of the year</b>					<b>5375788</b>	<b>5.9408</b>
<b>2.</b>	<b>Kotak Emerging Equity Scheme</b>	<b>2960396</b>	<b>3.2715</b>			<b>2960396</b>	<b>3.2715</b>
	Transfer			05 Apr 2019	4000	2964396	3.2759
	Transfer			12 Apr 2019	2529	2966925	3.2787
	Transfer			19 Apr 2019	1576	2968501	3.2805
	Transfer			26 Apr 2019	3518	2972019	3.2844
	Transfer			03 May 2019	2695	2974714	3.2873
	Transfer			10 May 2019	2191	2976905	3.2898
	Transfer			17 May 2019	4588	2981493	3.2948
	Transfer			29 Jun 2019	1730	2983223	3.2967
	Transfer			12 Jul 2019	1054	2984277	3.2979
	Transfer			19 Jul 2019	9007	2993284	3.3079
	Transfer			26 Jul 2019	7310	3000594	3.3159
	Transfer			02 Aug 2019	12371	3012965	3.3296
	Transfer			09 Aug 2019	514	3013479	3.3302
	Transfer			30 Aug 2019	1442	3014921	3.3318
	Transfer			13 Sep 2019	22234	3037155	3.3563
	Transfer			20 Sep 2019	10507	3047662	3.3680
	Transfer			27 Sep 2019	14921	3062583	3.3844
	Transfer			04 Oct 2019	2136	3064719	3.3868
	Transfer			11 Oct 2019	1774	3066493	3.3888
	Transfer			18 Oct 2019	24938	3091431	3.4163
	Transfer			01 Nov 2019	10000	3101431	3.4274
	Transfer			08 Nov 2019	20000	3121431	3.4495
	Transfer			15 Nov 2019	133000	3254431	3.5965
	Transfer			22 Nov 2019	17601	3272032	3.6159
	Transfer			29 Nov 2019	3844	3275876	3.6202
	Transfer			06 Dec 2019	1782	3277658	3.6221
	Transfer			13 Dec 2019	93291	3370949	3.7252
	Transfer			20 Dec 2019	2677	3373626	3.7282
	Transfer			27 Dec 2019	11710	3385336	3.7411
	Transfer			31 Dec 2019	4318	3389654	3.7459
	Transfer			03 Jan 2020	3514	3393168	3.7498
	Transfer			17 Jan 2020	60000	3453168	3.8161
	Transfer			24 Jan 2020	1283	3454451	3.8175
	Transfer			07 Feb 2020	(17)	3454434	3.8175
	Transfer			14 Feb 2020	13292	3467726	3.8322
	Transfer			21 Feb 2020	15000	3482726	3.8487
	Transfer			28 Feb 2020	245	3482971	3.8490
	Transfer			06 Mar 2020	4864	3487835	3.8544
	Transfer			13 Mar 2020	14989	3502824	3.8709
	Transfer			20 Mar 2020	58312	3561136	3.9354
	Transfer			27 Mar 2020	44311	3605447	3.9844
	Transfer			31 Mar 2020	24199	3629646	4.0111
	<b>At the end of the year</b>					<b>3629646</b>	<b>4.0111</b>

# Explosion of Opportunities

## STATUTORY REPORTS

Sr. No	Name & Type of Transaction	Shareholding at the beginning of the year - 2019		Transactions during the year		Cumulative Shareholding at the end of the year - 2020	
		No. of shares held	% of total shares of the Company	Date of transaction	No. of shares	No. of shares held	% of total shares of the Company
<b>3.</b>	<b>HDFC Trustee Company Ltd - A/C HDFC Mid – Cap opportunities Fund</b>	<b>6340139</b>	<b>7.0064</b>			<b>6340139</b>	<b>7.0064</b>
	Transfer			02 Aug 2019	(983000)	5357139	5.9201
	Transfer			09 Aug 2019	(113600)	5243539	5.7946
	Transfer			23 Aug 2019	(15500)	5228039	5.7775
	Transfer			06 Sep 2019	(5000)	5223039	5.7719
	Transfer			13 Sep 2019	(27300)	5195739	5.7418
	Transfer			20 Sep 2019	(17100)	5178639	5.7229
	Transfer			27 Sep 2019	(95000)	5083639	5.6179
	Transfer			11 Oct 2019	(145000)	4938639	5.4577
	Transfer			29 Nov 2019	(50000)	4888639	5.4024
	Transfer			31 Jan 2020	(200000)	4688639	5.1814
	Transfer			07 Feb 2020	(50000)	4638639	5.1261
	Transfer			14 Feb 2020	(27600)	4611039	5.0956
	Transfer			21 Feb 2020	(615000)	3996039	4.4160
	Transfer			28 Feb 2020	(261300)	3734739	4.1272
	Transfer			06 Mar 2020	(532190)	3202549	3.5391
	Transfer			13 Mar 2020	(6700)	3195849	3.5317
	<b>At the end of the year</b>					<b>3195849</b>	<b>3.5317</b>
<b>4.</b>	<b>DSP Midcap Fund</b>	<b>1654620</b>	<b>1.8285</b>			<b>1654620</b>	<b>1.8285</b>
	Transfer			20 Sep 2019	(10857)	1643763	1.8165
	Transfer			27 Sep 2019	(12867)	1630896	1.8023
	Transfer			31 Jan 2020	138306	1769202	1.9551
	Transfer			07 Feb 2020	394632	2163834	2.3912
	Transfer			14 Feb 2020	25414	2189248	2.4193
	Transfer			21 Feb 2020	(5309)	2183939	2.4135
	Transfer			27 Mar 2020	(7794)	2176145	2.4048
	<b>At the end of the year</b>					<b>2176145</b>	<b>2.4048</b>
<b>5.</b>	<b>ICICI Prudential Life Insurance Company Limited</b>	<b>1700700</b>	<b>1.8794</b>			<b>1700700</b>	<b>1.8794</b>
	Transfer			05 Apr 2019	(24506)	1676194	1.8524
	Transfer			26 Apr 2019	(28)	1676166	1.8523
	Transfer			03 May 2019	(3575)	1672591	1.8484
	Transfer			17 May 2019	(14749)	1657842	1.8321
	Transfer			24 May 2019	1173	1659015	1.8334
	Transfer			31 May 2019	628	1659643	1.8341
	Transfer			07 Jun 2019	(29958)	1629685	1.8010
	Transfer			29 Jun 2019	(448)	1629237	1.8005
	Transfer			05 Jul 2019	24192	1653429	1.8272
	Transfer			16 Aug 2019	(1238)	1652191	1.8258
	Transfer			23 Aug 2019	1014	1653205	1.8269
	Transfer			30 Aug 2019	(6320)	1646885	1.8200
	Transfer			06 Sep 2019	(74)	1646811	1.8199
	Transfer			13 Sep 2019	(23314)	1623497	1.7941
	Transfer			20 Sep 2019	(290)	1623207	1.7938
	Transfer			27 Sep 2019	(242)	1622965	1.7935
	Transfer			04 Oct 2019	(298)	1622667	1.7932
	Transfer			11 Oct 2019	(37835)	1584832	1.7514
	Transfer			18 Oct 2019	(33009)	1551823	1.7149
	Transfer			25 Oct 2019	(11059)	1540764	1.7027
	Transfer			01 Nov 2019	(9711)	1531053	1.6920
	Transfer			08 Nov 2019	(39)	1531014	1.6919
	Transfer			15 Nov 2019	(11021)	1519993	1.6797



Sr. No	Name & Type of Transaction	Shareholding at the beginning of the year - 2019		Transactions during the year		Cumulative Shareholding at the end of the year - 2020	
		No. of shares held	% of total shares of the Company	Date of transaction	No. of shares	No. of shares held	% of total shares of the Company
	Transfer			22 Nov 2019	(123)	1519870	1.6796
	Transfer			29 Nov 2019	(16030)	1503840	1.6619
	Transfer			06 Dec 2019	(22732)	1481108	1.6368
	Transfer			13 Dec 2019	(117686)	1363422	1.5067
	Transfer			20 Dec 2019	(17360)	1346062	1.4875
	Transfer			27 Dec 2019	(27242)	1318820	1.4574
	Transfer			31 Dec 2019	(16042)	1302778	1.4397
	Transfer			03 Jan 2020	(12090)	1290688	1.4263
	Transfer			10 Jan 2020	(13889)	1276799	1.4110
	Transfer			24 Jan 2020	(3060)	1273739	1.4076
	Transfer			31 Jan 2020	(161869)	1111870	1.2287
	Transfer			07 Feb 2020	(16116)	1095754	1.2109
	Transfer			21 Feb 2020	(14806)	1080948	1.1945
	Transfer			20 Mar 2020	(352)	1080596	1.1942
	Transfer			27 Mar 2020	(12226)	1068370	1.1806
	Transfer			31 Mar 2020	(12708)	1055662	1.1666
	<b>At the end of the year</b>					<b>1055662</b>	<b>1.1666</b>
<b>6.</b>	<b>Fidelity Emerging Markets Fund</b>	<b>0</b>	<b>0.0000</b>			<b>0</b>	<b>0.0000</b>
	Transfer			17 May 2019	49488	49488	0.0547
	Transfer			24 May 2019	112200	161688	0.1787
	Transfer			21 Jun 2019	8471	170159	0.1880
	Transfer			05 Jul 2019	20000	190159	0.2101
	Transfer			12 Jul 2019	371	190530	0.2106
	Transfer			19 Jul 2019	2278	192808	0.2131
	Transfer			26 Jul 2019	1586	194394	0.2148
	Transfer			02 Aug 2019	656775	851169	0.9406
	Transfer			27 Sep 2019	369	851538	0.9410
	Transfer			30 Sep 2019	43631	895169	0.9892
	Transfer			22 Nov 2019	730	895899	0.9901
	Transfer			29 Nov 2019	21070	916969	1.0133
	Transfer			31 Jan 2020	3836	920805	1.0176
	Transfer			07 Feb 2020	15664	936469	1.0349
	Transfer			06 Mar 2020	66600	1003069	1.1085
	<b>At the end of the year</b>					<b>1003069</b>	<b>1.1085</b>
<b>7.</b>	<b>India Midcap (Mauritius) Ltd.</b>	<b>726431</b>	<b>0.8028</b>			<b>726431</b>	<b>0.8028</b>
	Transfer			12 Apr 2019	(83)	726348	0.8027
	Transfer			05 Jul 2019	(8171)	718177	0.7937
	Transfer			20 Mar 2020	(2122)	716055	0.7913
	Transfer			27 Mar 2020	(15339)	700716	0.7744
	Transfer			31 Mar 2020	(10570)	690146	0.7627
	<b>At the end of the year</b>					<b>690146</b>	<b>0.7627</b>
<b>8.</b>	<b>Vicco Products Bombay Pvt Ltd</b>	<b>383734</b>	<b>0.4241</b>			<b>383734</b>	<b>0.4241</b>
	Transfer			24 May 2019	(2000)	381734	0.4219
	Transfer			31 May 2019	(5348)	376386	0.4159
	Transfer			07 Jun 2019	(1245)	375141	0.4146
	Transfer			14 Jun 2019	802	375943	0.4155
	Transfer			21 Jun 2019	(29918)	346025	0.3824
	Transfer			29 Jun 2019	500	346525	0.3829
	Transfer			05 Jul 2019	(3210)	343315	0.3794
	Transfer			12 Jul 2019	(416)	342899	0.3789
	Transfer			02 Aug 2019	3142	346041	0.3824
	Transfer			09 Aug 2019	12092	358133	0.3958

# Explosion of Opportunities

## STATUTORY REPORTS

Sr. No	Name & Type of Transaction	Shareholding at the beginning of the year - 2019		Transactions during the year		Cumulative Shareholding at the end of the year - 2020	
		No. of shares held	% of total shares of the Company	Date of transaction	No. of shares	No. of shares held	% of total shares of the Company
	Transfer			16 Aug 2019	2000	360133	0.3980
	Transfer			23 Aug 2019	2882	363015	0.4012
	Transfer			30 Aug 2019	6685	369700	0.4086
	Transfer			13 Sep 2019	12799	382499	0.4227
	Transfer			20 Sep 2019	2283	384782	0.4252
	Transfer			27 Sep 2019	5406	390188	0.4312
	Transfer			11 Oct 2019	103	390291	0.4313
	Transfer			22 Nov 2019	5556	395847	0.4374
	Transfer			29 Nov 2019	1500	397347	0.4391
	Transfer			06 Dec 2019	25498	422845	0.4673
	Transfer			13 Dec 2019	1932	424777	0.4694
	Transfer			20 Dec 2019	2223	427000	0.4719
	Transfer			10 Jan 2020	(7667)	419333	0.4634
	Transfer			17 Jan 2020	(44757)	374576	0.4139
	Transfer			24 Jan 2020	(4675)	369901	0.4088
	Transfer			31 Jan 2020	(23932)	345969	0.3823
	Transfer			07 Feb 2020	(19420)	326549	0.3609
	Transfer			14 Feb 2020	(18732)	307817	0.3402
	Transfer			21 Feb 2020	(10373)	297444	0.3287
	Transfer			28 Feb 2020	(2133)	295311	0.3263
	Transfer			06 Mar 2020	138262	433573	0.4791
	Transfer			13 Mar 2020	22750	456323	0.5043
	Transfer			20 Mar 2020	49987	506310	0.5595
	Transfer			27 Mar 2020	34155	540465	0.5973
	Transfer			31 Mar 2020	3496	543961	0.6011
	<b>At the end of the year</b>					<b>543961</b>	<b>0.6011</b>
<b>9.</b>	<b>Fidelity Advisor Series Viii - Fidelity Advisor Emerging Markets Fund</b>	<b>0</b>	<b>0.0000</b>			<b>0</b>	<b>0.0000</b>
	Transfer			17 May 2019	30400	30400	0.0336
	Transfer			24 May 2019	69064	99464	0.1099
	Transfer			21 Jun 2019	4800	104264	0.1152
	Transfer			05 Jul 2019	12000	116264	0.1285
	Transfer			19 Jul 2019	479	116743	0.1290
	Transfer			26 Jul 2019	300	117043	0.1293
	Transfer			02 Aug 2019	388657	505700	0.5588
	Transfer			30 Sep 2019	17400	523100	0.5781
	Transfer			11 Oct 2019	(1700)	521400	0.5762
	Transfer			18 Oct 2019	(10403)	510997	0.5647
	Transfer			25 Oct 2019	(2930)	508067	0.5615
	Transfer			01 Nov 2019	(23314)	484753	0.5357
	Transfer			08 Nov 2019	(12319)	472434	0.5221
	Transfer			15 Nov 2019	(98934)	373500	0.4128
	Transfer			29 Nov 2019	9524	383024	0.4233
	Transfer			06 Dec 2019	176	383200	0.4235
	Transfer			13 Dec 2019	11100	394300	0.4357
	Transfer			10 Jan 2020	12400	406700	0.4494
	Transfer			24 Jan 2020	1554	408254	0.4512
	Transfer			31 Jan 2020	9494	417748	0.4617
	Transfer			07 Feb 2020	1252	419000	0.4630
	Transfer			06 Mar 2020	14100	433100	0.4786
	Transfer			13 Mar 2020	45700	478800	0.5291
	<b>At the end of the year</b>					<b>478800</b>	<b>0.5291</b>

Sr. No	Name & Type of Transaction	Shareholding at the beginning of the year - 2019		Transactions during the year		Cumulative Shareholding at the end of the year - 2020	
		No. of shares held	% of total shares of the Company	Date of transaction	No. of shares	No. of shares held	% of total shares of the Company
10.	<b>Variable Insurance Products Fund II Emerging Markets Portfolio</b>	0	0.0000			0	0.0000
	Transfer			17 May 2019	15200	15200	0.0168
	Transfer			24 May 2019	34400	49600	0.0548
	Transfer			21 Jun 2019	2400	52000	0.0575
	Transfer			05 Jul 2019	6100	58100	0.0642
	Transfer			19 Jul 2019	300	58400	0.0645
	Transfer			02 Aug 2019	214939	273339	0.3021
	Transfer			30 Sep 2019	33100	306439	0.3386
	Transfer			11 Oct 2019	2611	309050	0.3415
	Transfer			18 Oct 2019	5689	314739	0.3478
	Transfer			31 Jan 2020	1300	316039	0.3493
	Transfer			07 Feb 2020	5300	321339	0.3551
	Transfer			06 Mar 2020	17400	338739	0.3743
	<b>At the end of the year</b>					<b>338739</b>	<b>0.3743</b>

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

(v) **Shareholding of Directors and Key Managerial Personnel**

Sr. No	Name of the Directors	Date	Reason	Shareholding at the beginning of the year April 1, 2019		Cumulative Shareholding during the year March 31, 2020	
				No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	<b>Shri Satyanarayan Nuwal</b>						
	At the beginning of the Year			13239254	14.6306	-	-
	Date wise Increase / decrease in shareholding during the year	12 Jul 2019	Inter-Se-Transfer	(1000)	(0.0011)	-	-
	At the end of the year			-	-	13238254	14.6295
2.	*Shri Kailashchandra Nuwal			20882963	23.0776	20882963	23.0776
3.	Shri Manish Satyanarayan Nuwal			25232069	27.8838	25232069	27.8838
4.	Shri Anil Kumar Jain			705	0.0007	705	0.0007
5.	Shri Suresh Menon			0.00	0.00	0.00	0.00

Note: \*Shri Kailashchandra Nuwal, Executive Director and Vice Chairman of the Company has vacated the office of Director w.e.f. November 7, 2019.

Sr. No	Name of Key Managerial Personnel other than Directors	Date	Reason	Shareholding at the beginning of the year April 1, 2019		Cumulative Shareholding during the year March 31, 2020	
				No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	<b>Shri Nilesh Panpaliya</b>						
	At the beginning of the year			25200	0.0276	-	-
	Shri Nilesh Panpaliya	19/03/2019	Market Sell	(200)	0.0000	-	-
	At the beginning of the year						
	At the end of the year			-	-	25000	0.0276
2.	<b>Mrs. Khushboo Pasari</b>						
	At the beginning of the year			3311	0.0036	-	-
	Date wise Increase / decrease in shareholding during the year	-	-	-	-	-	-
	At the end of the year			-	-	3311	0.0036

### 5. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ in Crores)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the Financial Year</b>				
i. Principal Amount	171.31	-	-	171.31
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	0.12	-	-	0.12
<b>Total (i+ii+iii)</b>	<b>171.43</b>	<b>-</b>	<b>-</b>	<b>171.43</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	-	15.00	-	15.00
Reduction	56.89	-	-	56.89
Net Change	56.89	15.00	-	
<b>Indebtedness at the end of the financial year</b>				
i. Principal Amount	114.09	15.00	-	129.09
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	0.45	-	-	0.45
<b>Total (i+ii+iii)</b>	<b>114.54</b>	<b>15.00</b>	<b>-</b>	<b>129.54</b>

### 6. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

#### A. Remuneration to Whole-time Directors:

(₹ in Crores)

Sr. No	Particulars of Remuneration	Shri Satyanarayan Nuwal	Shri Kailashchandra Nuwal*	Shri Manish Nuwal	Shri Anil Kumar Jain	Shri Suresh Menon	Total amount
1.	Gross salary						
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1.20	1.20	1.20	0.48	0.51	4.59
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-	-	-
2.	Stock Option	-	-	-	-	-	-
3.	Sweat Equity	-	-	-	-	-	-
4.	Commission	1.50	1.50	1.50	-	-	4.50
	- as % of profit	-	-	-	-	-	-
	- Others, specify...	-	-	-	-	-	-
5.	Others, please specify	-	-	-	-	-	-
	<b>Total (A)</b>	<b>2.70</b>	<b>2.70</b>	<b>2.70</b>	<b>0.48</b>	<b>0.51</b>	<b>9.09</b>

Ceiling as per the Act is ₹ 25.20 Crores (Being 10% of the Net Profit as per Section 198 of the Companies Act, 2013).

\*Shri Kailashchandra Nuwal, Executive Director and Vice Chairman of the Company has vacated the office of Director w.e.f. November 7, 2019

**B. Sitting fees to Non-Executive Independent Directors**

(₹ in Crores)

Sr. No	Particulars of Remuneration	Non-Executive Independent Directors						Total amount
		Shri Anant Sagar Awashti	Shri Dilip Patel	Shri Amrendra Verma	Shri Ajai Nigam	Mrs. Madhu Vij	Shri Sunil Srivastav	
1.	Fee for attending Board / Committee Meetings	0.02	0.03	0.04	0.03	0.03	0.01	0.16
2.	Commission	-	-	-	-	-	-	-
3.	Others, Please specify	-	-	-	-	-	-	-
	<b>Total (B)</b>	<b>0.02</b>	<b>0.03</b>	<b>0.04</b>	<b>0.03</b>	<b>0.03</b>	<b>0.01</b>	<b>0.16</b>

Ceiling as per the Act is ₹ 2.52 Crores (Being 1% of the Net Profit as per Section 198 of the Companies Act, 2013.)

**C. Remuneration to Key Managerial Personnel other than Whole-Time Directors**

(₹ in Crores)

Sr. No	Particulars of Remuneration	Key Managerial Personnel		Total amount
		Shri Nilesh Panpaliya	Mrs. Khushboo Pasari	
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	0.36	0.12	0.48
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission	-	-	-
	- as % of profit	-	-	-
	- others, specify...	-	-	-
5.	Others, please specify	-	-	-
	<b>Total (C)</b>	<b>0.36</b>	<b>0.12</b>	<b>0.48</b>

**7. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES**

There were no penalties, punishment or compounding of offences during the year ended on March 31, 2020.

For and on behalf of the Board

Place : Nagpur  
Date : July 31, 2020**(Satyanarayan Nuwal)**  
Chairman



# ANNEXURE 'B'

## Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts / arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto:

### 1. Details of contracts or arrangements or transactions not at arm's length basis:

- (a) Name(s) of the related party and nature of relationship: Not Applicable
- (b) Nature of contracts/arrangements/transactions: Not Applicable
- (c) Duration of the contracts / arrangements/transactions: Not Applicable
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any: Not Applicable
- (e) Justification for entering into such contracts or arrangements or transactions: Not Applicable
- (f) Date(s) of approval by the Board: Not Applicable
- (g) Amount paid as advances, if any: Not Applicable
- (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188: Not Applicable

### 2. Details of material contracts or arrangement or transactions at arm's length basis:

- a. Name(s) of the related party and nature of relationship: Not Applicable
- b. Nature of contracts / arrangements / transactions: Not Applicable
- c. Duration of the contracts / arrangements / transactions: Not Applicable
- d. Salient terms of the contracts or arrangements or transactions including the value, if any: Not Applicable
- e. Date(s) of approval by the Board, if any: Not Applicable
- f. Amount paid as advances, if any: Not Applicable

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

For and on behalf of the Board

Place : Nagpur  
Date : July 31, 2020

(Satyanarayan Nuwal)  
Chairman

# ANNEXURE 'C1'

## Form No. MR-3

### SECRETARIAL AUDIT REPORT

For the financial year ended 31<sup>st</sup> March, 2020.

(Pursuant to section 204(1) of the companies act, 2013 & rule 9 of the companies appointment and remuneration of managerial personnel rules, 2014)

To,  
The Members,  
**Solar Industries India Limited**  
"Solar" House,  
14 Kachimet, Amravati Road  
Nagpur - 440023

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Solar Industries India Limited** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of the Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

**We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2020 according to the provisions of:**

The Companies Act, 2013 (the Act) and the rules made there under;

The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;

The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

- b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- d) The Securities and Exchange Board of India (Share Based Employee Benefits) regulations, 2014;
- e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; and

### Other Applicable Laws:

- i. The Indian Boilers Act, 1923
- ii. The Standards of Weights and Measures (Enforcement) Act, 1985
- iii. The Explosives Act, 1884
- iv. The Environment (Protection) Act, 1986
- v. The Air (Prevention and Control of Pollution) Act, 1981
- vi. The Legal Metrology Act, 1999
- vii. The Public Liability Insurance Act, 1991

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

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

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and a Woman Director. The Changes in the composition of Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes book, while the dissenting members' views, if any, are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

### We further report that during the audit period:

1. Solar Overseas Mauritius Limited ("SOML"), a wholly owned subsidiary of Solar Industries India Limited ("the Company")

owes an amount of USD 21.5 million to the Company. Due to Company's aggressive growth plans for its business in overseas market and to strengthen the financial position of SOML the Company via Board resolution dated 9<sup>th</sup> May, 2019 decided to convert a part of loan amounting to USD 9.5 million into 95,000 equity shares of USD 100 each.

2. The Board of Directors of Solar Industries India Limited ("the Company") in its meeting held on 7<sup>th</sup> November, 2019 approved primary investment of ₹ 14,66,00,000 (Rupees Fourteen Crores Sixty Six Lakhs Only) in Skyroot Aerospace Private Limited ("Skyroot") through its subsidiary, Economic Explosives Limited ("EEL") by way of subscription of warrants issued by Skyroot. The Company intends to enter into a non binding term sheet with Skyroot and its promoters setting out terms of investment which shall in no event exceed ₹ 17,50,00,000 (Rupees Seventeen Crores Fifty Lakhs Only).
3. Solar Industries India Limited ("The Company") through its overseas subsidiary, Solar Overseas Mauritius Limited ("SOML") has acquired 55% stake in Laghe Venture Company ("LVC") to expand its foot prints in Tanzania. Share Purchase agreement related to the transaction was noted by the board in its meeting held on 7<sup>th</sup> November, 2019.
4. The Company is planning to merge M/s. Emul Tek Private Limited and M/s. Blastec India Private Limited (Wholly Owned Subsidiaries) into M/s. Economic Explosives Limited (Wholly Owned Subsidiary). The Board of Directors of the Company in its meeting held on 11<sup>th</sup> February, 2020 passed the resolution approving the said merger.

**For Anant B Khamankar & Co.**

**Anant Khamankar**

FCS No. – 3198

CP No. – 1860

UDIN: F003198B0000286283

Date : 27<sup>th</sup> May, 2020

Place : Mumbai

# ANNEXURE 'C2'

## Supplement to our Secretarial Audit Report dated 27<sup>th</sup> May, 2020

This is a Supplement to our Secretarial Audit Report in Form No. MR- 3 dated 27<sup>th</sup> May, 2020, bearing UDIN: F003198B000286283 issued pursuant to Section 204(1) of the Companies Act, 2013 & Rule 9 of the (Companies Appointment and Remuneration of Managerial Personnel Rules, 2014).

Mr. Kailash Chandra Nuwal (DIN: 00374378), Executive Director and Vice Chairman of the Company has vacated office of the Director of the Company with effect from 7<sup>th</sup> November, 2019 on account of the following facts: -

- i. Non-Disclosure of details with respect to his shareholding and Directorship in AG Technologies Private Limited and executing a rent agreement between Solar Industries India Limited and AG Technologies Private Limited (related party transaction).
- ii. Act of facilitating a related party transaction without prior approval of the Audit Committee.

The acts and omissions mentioned in Point No i & ii above are in violation of the provisions of Section 184 (1) and Section 184(2) of the Companies Act, 2013 read with Rule 9 of The Companies (Meetings of Board and its Powers) Rules, 2014], Regulation 23 of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 and the Company's "Policy on Related Party Transactions of Solar Industries India Limited".

The Company upon receipt of knowledge, of the aforesaid facts, sought legal opinions from a Hon'ble retired Judge of the Supreme Court of India and a Senior Practising Company Secretary, both opinions dated 30<sup>th</sup> July, 2020 where they have opined that vacation of office of Director has taken place with effect from 7<sup>th</sup> November, 2019. Accordingly, Mr. Kailash Chandra Nuwal vacates office as Director of the Company in terms of the provisions of Section 167(1)(c) and Section 167(1)(d) of the Companies Act, 2013 on account of the aforementioned violations.

The Company on 30<sup>th</sup> July, 2020 has made requisite filings with the Registrar of Companies, Mumbai, Maharashtra and intimated the respective stock exchanges about vacation of office of Mr. Kailash Chandra Nuwal as Executive Director and Vice Chairman of the Company with effect from 7<sup>th</sup> November, 2019.

**For Anant B Khamankar & Co.**

**Anant Khamankar**

FCS No. – 3198

CP No. – 1860

UDIN: F003198B000540097

Date : 31<sup>st</sup> JULY, 2020

Place : Mumbai

# ANNEXURE 'D'

## Annual Report on Corporate Social Responsibility (CSR) Activities

(Pursuant to Section 135 of the Companies Act, 2013)

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

### CSR Policy:

A detailed CSR policy was framed by the Company with approvals of the CSR Committee and Board taken on May 26, 2014. The CSR policy is placed on the website of the Company at the below mentioned link:

Link: <https://reports.solargroup.com/PCSR.pdf>

### Our Broad Objectives as stated in our CSR Policy include:

The various CSR initiatives of the Company focuses on the growth and development of the people in the vicinity of its operational areas and the registered office through a range of activities mentioned in schedule VII of section 135 of Companies Act, 2013.

Our CSR policy focuses on following thrust areas

1. Disaster Management
2. Health & Hygiene
3. Education
4. Environment Sustainability

5. Rural Development

### 2. Composition of the CSR Committee:

Shri Satyanarayan Nuwal, Chairman

Shri Manish Nuwal, Member

Shri Ajai Nigam, Member

Mrs. Khushboo Pasari, Secretary

### 3. Average net profit of the Company for last three financial years:

Average net profit: ₹ 235.43 Crores

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

The Company is required to spend ₹ 4.60 Crores towards CSR.

### 5. Details of CSR spend for the financial year:

**a. Total amount spent for the financial year: ₹ 4.80 Crores**

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

### c. Manner in which the amount spent during the financial year is detailed below;

(₹ in Crores)

Sr. No	Projects/ Activities	Sector	Location	Amount Outlay (Budget) Project or Programs wise	Amount spent on the project or programs	Amount spent
1.	COVID-19 relief efforts	Disaster management, including relief, rehabilitation and reconstruction activities	Nagpur	1.92	1.92	Direct
2.	• Contribution to organize Cancer Awareness Programmes and Cancer Detection Camps.	Healthcare & Hygiene	Nagpur	0.11	0.11	Direct
	• Contribution for arranging Mega Camps for disabled persons.			0.05	0.05	Direct



(₹ in Crores)

Sr. No	Projects/ Activities	Sector	Location	Amount Outlay (Budget) Project or Programs wise	Amount spent on the project or programs	Amount spent
3.	<ul style="list-style-type: none"> <li>Contribution for construction of School Building</li> <li>Contribution for development of ICT Infrastructure in the school.</li> <li>Contribution for Promoting education amongst tribal students.</li> </ul>	Education	Nagpur and Pauni Village Pune Tribal villages	1.11 0.12 0.02	1.11 0.12 0.02	Direct Direct Direct
4.	Contribution for setting up a large kitchen to provide the mid-day meal to municipal, government aided and non-aided Schools for the benefits of underprivileged children.	Eradicating hunger, poverty and malnutrition	Kalmana, Nagpur	0.11	0.11	Direct
5.	Contribution towards organising Youth Empowerment Summit (YES)-2020	Employment enhancing vocation skills	Nagpur	0.10	0.10	Direct
6.	<ul style="list-style-type: none"> <li>Construction of Bandharas</li> <li>Contribution towards harvest and conserve rain water</li> <li>Contribution towards environment stability and Ecological Balance through plantation of saplings.</li> </ul>	Environment	Chakdoh Forest Area Kharsoli Village Villages in the district Nanded and Mahur Nagpur	0.50 0.25 0.10 0.10	0.52 0.25 0.10 0.10	Direct Direct Direct Direct
7.	Contribution for setting up of R & D Centre for development of medicines from Cow Waste at Govigyan Anusandhan Kendra.	Rural Development	Govigyan Anusandhan Kendra Deolapar, Dist - Nagpur	0.25	0.25	Direct
8.	Contribution towards Animal Welfare movement.	Animal Welfare	Nagpur	0.05	0.05	Direct
<b>Total</b>				<b>4.79</b>	<b>4.80</b>	

**Our CSR Responsibility statement:-**

We hereby declare that implementation and monitoring of the CSR policy are in compliance with the CSR objectives and policy of the Company.

For and on behalf of the Board

Place : Nagpur  
Date : July 31, 2020

(Satyanarayan Nuwal)  
Chairman  
Corporate Social Responsibility Committee

# ANNEXURE 'E'

## A conservation of energy, technology absorption and foreign exchange earnings and outgo

Information as required under Section 134(3) (m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014

### A. Conservation of Energy

The Company has always been a forerunner in conservation of energy and natural resources. All manufacturing processes and products are designed for minimising carbon footprints and are being continuously upgraded to consistently achieve this goal. The Company has a distinction of having all its plants certified for ISO 14001:2015 and OHSAS 18001:2007 which is a culmination of our sustained efforts and our policy of protecting environment and natural resources.

The pioneering effort of the Company in rainwater harvesting has started giving good results. Construction of benches, trenches, open reservoirs and check dams in the large open land areas in the plant will result in considerable increase in the water table in and around the plant area, thus ensuring year-round water availability for our plant operation & plantation. Moreover, availability of rain waters-a soft water-in the open ponds, saves on water softening and saving in energy cost of ground water withdrawal viz-a-viz conservation of natural resources.

The effluents & sewage water are treated in the Effluent Treatment Plants /STP and the treated water is recycled in the process and or used for gardening purposes. We have almost achieved Zero Liquid Discharge (ZLD).

The Company gets energy audit conducted by internally and by experts regularly and take corrective actions.

The steps have resulted not only in saving the energy and conserving natural resources but also in reducing our running costs of the operations.

The Company has spent ₹ 0.75 Crores as capital investment on energy conservation equipment during the FY 2019-20.

### B. Technology Absorption, Adaptation and Innovation

- **Efforts in Brief:** The Company has full-fledged Research & Development Division engaged in research on

new products, processes and study on the existing manufacturing process, optimization of process parameters to improve the product quality, safety and cost saving.

- **Technology:** After successful development of new technology for a product or manufacturing process, it is tested in our specified testing plants before implementing it on regular basis. Most of the existing manufacturing processes and technology has been developed in house and occasionally seeks advice of experts from India as well as from overseas sources. The Company is not dependent on any foreign technology for its existing product line and strives continuously for technology development and absorption for new products. We are open for buying technologies from abroad.
- **Benefits:** Improved safety, Product Quality improvement, production flexibility and enhancing efficiencies.

#### Research and Development (R&D)

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

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

##### b) Benefits derived as results of above:

- Improved safety compliance and enhanced environment protection.
- Modification of existing process for some of the products and savings in cost of production.
- R & D has benefited in improving the quality of Packaged, Bulk Explosives and Initiating Systems.

- Introduced products for defense application.
- Safe primary explosives composition developed which has result in improving the operational safety and tidy work environment.
- Tracking and Tracing of Final Goods.

**c) Future plan of action:**

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

**d) Expenditure on R&D:**

(₹ in Crores)

Sr. No	Particulars	2018-19	2019-20
1.	Capital	5.38	0.72
2.	Recurring	7.19	6.21
3.	Total	12.57	6.93
4.	R&D Expenditure percentage of Turnover	0.76%	0.46%

**C. Foreign Exchange Earnings and Outgo:**

(₹ in Crores)

Sr. No	Particulars	2018-19	2019-20
a.	Earnings in Foreign Exchange	278.17	262.91
b.	Outgo in Foreign Exchange	104.61	108.90

For and on behalf of the Board

**(Satyanarayan Nuwal)**

Chairman

Place : Nagpur

Date : July 31, 2020

# Report on Corporate Governance

## 1. Corporate Governance

### 1.1 Introduction:

A Report on compliance with the principles of Corporate Governance as prescribed by the Securities and Exchange Board of India (SEBI) in terms of Regulation 34 read with Chapter IV and Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [SEBI (LODR) Regulation, 2015] and the report contains the details of Corporate Governance systems and processes at Solar Industries India limited.

### 1.2 Company's Philosophy on Corporate Governance:

Solar's philosophy of Corporate Governance is founded on the pillars of fairness, accountability, disclosures and transparency. These pillars have been strongly cemented which is reflected in your Company's business practices and work culture. The sound governance processes and systems guide the Company on its journey towards continued success. The practice of responsible governance has enabled your Company to achieve sustainable growth, while meeting the aspirations of its stakeholder's and societal expectations.

Your Company is committed to sound principles of Corporate Governance with respect to all of its procedures, policies and practices. The governance processes and systems are continuously reviewed to ensure that highest ethical and responsible standards are being practiced by your Company. Comprehensive disclosures, structured accountability in exercise of powers, adhering to best practices and commitment to compliance with regulations and statutes in letter as well as in spirit have enabled your Company to enhance shareholder value. In fact, this has become an integral part of the way the business is done.

Solar recognises that good Corporate Governance is a continuous exercise and reiterates its commitment to pursue highest standards of Corporate Governance in the overall interest of all its stakeholders for effective implementation of the Corporate Governance practices.

Solar has a well-defined policy framework inter-alia consisting of the following:

- Code of Conduct for Directors and Senior Management Personnel
- Code of fair disclosures of unpublished price sensitive information
- Remuneration Policy for Directors, Key Managerial Personnel and other Employees
- Vigil Mechanism and Whistle Blower Policy
- Corporate Social Responsibility Policy
- Policy on Related Party Transactions
- Policy for determining Material Subsidiaries
- Policy on prevention of Sexual Harassment at work place
- Policy on Environment, Health and Safety
- Policy on Disclosure of Material Events
- Policy on Preservation of Documents
- Policy for Dividend Distribution
- Policy for procedure of inquiry for leak of UPSI
- Information Security Policy
- Data Privacy Policy

For effective, efficient, transparent and ethical functioning, SOLAR has four layers of Corporate Governance:

- Governance by Board of Directors.
- Governance by Committees of Board of Directors.
- Governance by Shareholders.
- Governance through Management Process.

## 2. First Layer Governance by Board of Directors

The Corporate Governance structure at Solar is as follows:

At Solar governance structure comprises of Board of Directors, committees of the board and the management. The Board is entrusted with an ultimate responsibility of the Management, directions and performance of the Company. As its primary role is fiduciary in nature, the Board provides leadership, strategic guidance, objective and independent view to the Company's management while discharging its responsibilities, thus ensuring that the management adheres to ethics, transparency and disclosures.

### 2.1 Composition of Board:

The Company has total nine Directors of which four are Executive Directors and five are Non-Executive Independent Directors including a woman director. The composition of the Board is in conformity with Regulation 17(1) of SEBI (LODR) Regulation, 2015

**Table 1: The composition of Board of Directors as on March 31, 2020 is as follows:**

Particular	Category	No. of Directors
Executive Chairman	Promoter	1
Managing Director & CEO	Promoter	1
Executive Directors	Non-Promoter	2
Non-Executive Independent Directors	--	5
<b>Total</b>		<b>09</b>

Note: Shri Kailashchandra Nuwal, Executive Director and Vice Chairman of the Company has vacated the office of Director w.e.f. November 7, 2019.

## 2.2 Policy for selection and appointment of Directors, KMP and their remuneration:

The Company has in place a policy for remuneration of Directors and Key Managerial Personnel as well as a well-defined criterion for the selection of candidates for appointment to the said positions, which has been approved by the Board. The Policy broadly lays down the guiding principles, philosophy and the basis for payment of remuneration to the Executive and Non-Executive Directors (by way of sitting fees), Key Managerial Personnel.

The criteria for the selection of candidates for the above positions cover various factors and attributes, which are considered by the Nomination & Remuneration Committee and the Board of Directors while selecting candidates.

### Board Independence

Based on the confirmation/disclosures received from the Directors and on evaluation of the relationships disclosed, all the Non-Executive Independent Directors are independent in terms of SEBI (LODR) Regulation, 2015

### Declarations

Every Independent Director, at the first meeting of the Board in which he participates as a Director and thereafter at the first meeting of the Board in every financial year, gives a declaration that he meets the criteria of independence and submits the declaration regarding the status of holding other directorship and membership as provided under law.

### Disclosures

None of the Independent Directors of the Company serves as an Independent Director in more than seven listed companies and where any Independent Director is serving as whole-time director in any listed Company, such director is not serving as Independent Director in more than three listed companies.

## 2.3 Board Procedures:

### Meetings:

Your Company holds generally at least four Board Meetings in a year, one in each quarter to review the financial results and other items of the agenda and the gap between the two Board Meetings do not exceed four calendar months. Apart from the four scheduled Board meetings, additional Board meetings are also convened to address the specific requirements of the Company. Urgent matters are also approved by the Board by passing resolutions through circulation. Every Director on the Board is free to suggest any item for inclusion in the agenda for the consideration of the Board.

The notice of Board Meeting is given well in advance to all the Directors. Usually, meetings of the Board are held in Nagpur at the registered office of the Company. The Agenda and Pre-reads are circulated well in advance before each meeting to all the Directors for facilitating effective discussion and decision making. Considerable time is spent by the Directors on discussion and deliberations at the Board Meetings.

The Board has unrestricted access to all the Company-related information which includes as specified in Regulation 17 and Schedule II (A) of SEBI (LODR) Regulation, 2015

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

### Recording minutes of proceedings at Board and Committee Meeting:

The Company Secretary record minutes of proceedings of each Board and Committee meeting. Draft minutes are circulated to Board/Committee members for their comments. The minutes are entered in the minute's book within 30 days from the conclusion of the meeting.

### Post meeting follow-up mechanism

The guidelines for Board and Committee meetings facilitate an effective post meeting follow-up, review and reporting process for decision taken by the Board and Committees thereof.

Important decisions taken at Board/Committee meetings are communicated promptly to the concerned departments/divisions. Action taken report on decision/minutes of the previous meetings is placed at the succeeding meeting of the Board/Committees for noting.

### Compliance

The Company Secretary, while preparing the agenda, notes on agenda and minutes of the meetings, is responsible for and is required to ensure adherence to all applicable laws and regulations, including the Companies Act, 2013 read with rules issued thereunder, as applicable and Secretarial Standard-1 and Secretarial Standard-2 issued by the Institute of Company Secretaries of India.

### Meetings during the year:

During the FY 2019-20, the Board of Directors met Four times i.e. May 9, 2019, July 30, 2019, November 7, 2019, February 11, 2020. The necessary quorum was present for all the meetings. The maximum interval between any two meetings did not exceed 120 days.

## 2.4 Independent Directors

### Separate Meetings of Independent Directors

As stipulated by the Code of Independent Directors under the Companies Act, 2013 and Regulation 25 of SEBI (LODR) Regulation, 2015, a separate meeting of the Independent Directors of the Company was held on February 11, 2020.

- i. Review the performance of non-independent directors and the Board as a whole;
- ii. Review the performance of the Chairperson of the Company, taking into account the views of executive directors and Non-executive Directors



- iii. Assess the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

### Terms and conditions of Appointment

As required under Regulation 46(2)(b) of the SEBI (LODR) Regulation, 2015, the Company has issued formal letters of appointment to the Independent Directors. The terms & conditions of their appointment are posted on the Company's website and can be accessed at [www.solargroup.com](http://www.solargroup.com)

### Familiarisation Program of Independent Directors

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

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

The details of the familiarisation programme of the Independent Directors are available on the website of the Company at the link: <https://reports.solargroup.com/FPFID.pdf>

### Confirmation by Independent Directors

Independent Directors are non-executive directors as defined under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Act along with rules framed thereunder. In terms of Regulation 25(8) of SEBI Listing Regulations, they have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties. Based on the declarations received from the Independent Directors, the Board of Directors has confirmed that they meet the criteria of independence as mentioned under Regulation 16(1)(b) of the SEBI Listing Regulations and that they are independent of the management.

### Governance Codes

#### Conflict of Interests

Each Director informs the Company on an annual basis about the Board and the Committee positions he occupies in other companies including Chairmanships and notifies changes during the year. The Members of the Board while discharging their duties, avoid conflict of interest in the decision-making process. The Members of Board restrict themselves from any discussions and voting in transactions in which they have concern or interest.

### Attendance record of directors

**Table 2: Composition of the Board and attendance records of Directors as on March 31, 2020**

Sr. No	Name of the Director	Category	Attendance at	
			Board Meeting	Last AGM
1.	Shri Satyanarayan Nuwal DIN: 00713547	Chairman and Executive Director	4/4	Present
2.	Shri Kailashchandra Nuwal* DIN: 00374378	Vice-Chairman and Executive Director	1/4	Leave Sought
3.	Shri Manish Nuwal DIN: 00164388	Managing Director and CEO	4/4	Present
4.	Shri Anil Kumar Jain DIN: 03532932	Executive Director	3/4	Present
5.	Shri Suresh Menon DIN: 07104090	Executive Director	3/4	Present
6.	Shri Anant Sagar Awasthi # DIN: 00228429	Non-Executive Independent Director	3/4	Leave Sought
7.	Shri Dilip Patel DIN: 00013150	Non-Executive Independent Director	4/4	Present
8.	Shri Ajai Nigam DIN: 02820173	Non-Executive Independent Director	4/4	Present

Sr. No	Name of the Director	Category	Attendance at	
			Board Meeting	Last AGM
9.	Shri Amrendra Verma DIN: 00236108	Non-Executive Independent Director	4/4	Present
10.	Smt. Madhu Vij DIN: 00025006	Non-Executive Independent Director	4/4	Present
11.	Shri Sunil Srivastav <sup>^</sup> DIN: 00237561	Non-Executive Independent Director	1/4	NA

Note:

\*Shri Kailashchandra Nuwal, Executive Director and Vice Chairman of the Company has vacated the office of Director w.e.f. November 7, 2019.

#Shri Anant Sagar Awasthi (DIN: - 00228429) Non-Executive Independent Director had stepped down from the Board of the Company on the completion of his tenure i.e. on March 31, 2020.

<sup>^</sup>Shri Sunil Srivastav was appointed w.e.f. February 11, 2020

## 2.5 Confirmation from the Board

The Board of Directors be and hereby confirm that in the opinion of the Board, the Independent Directors fulfill the conditions specified by SEBI (LODR) Regulation, 2015 and they are independent of the management.

## 2.6 Profile of Board of Directors:

Brief Profile of all the Directors are available on the Company's website i.e. [www.solargroup.com](http://www.solargroup.com)

## 2.7 Information provided to all the members of Board of Directors:

The Board of Directors of the Company plays the primary role in ensuring good governance and functioning of the Company. All statutory and other significant and material information including information as mentioned in Regulation 17(7) SEBI (LODR) Regulation, 2015 is placed before the Board to enable it to discharge its responsibility of strategic supervision of the Company as trustees of the shareholders. The Board also reviews periodically the compliance of all applicable laws. The Members of the Board have complete freedom to express their opinion and decisions are taken after detailed discussion.

### The normal business of the Board includes:

- Review of functioning of the Board and its Committees.
- Review of functioning of the Subsidiary Companies.
- Annual review of accounts for adoption by shareholders.
- Materially important show cause, demand, prosecution and penalty notices.
- Fatal or serious accidents or dangerous occurrences.
- Any materially significant effluent or pollution problems.
- Any materially relevant default in financial obligations to and by the Company or substantial non-payment for goods sold by the Company.
- Details of any Joint Venture or Collaboration Agreement.
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property.
- Significant labour problems and their proposed solutions.
- Significant development in the human resources and industrial relations front.
- Sale of material nature of investments, subsidiaries and assets, which is not in the normal course of business.
- Quarterly details of foreign exchange exposure and the steps taken by management to limit the risks of adverse exchange rate movement.
- Review of related party transactions
- Declaration of Independent Directors at the time of appointment/annually
- Disclosure of Directors' interest and their shareholding
- Appointment or removal of the Key Managerial Personnel (KMP) and officer one level below KMP.
- Appointment of Secretarial Auditors.
- Compliance Certificate certifying compliance with all laws as applicable to the Company.
- Reconciliation of Share Capital Audit Report under SEBI (Depositories and Participants) Regulations, 2018
- Compliances of any regulatory, statutory or listing requirements.
- Annual Operating Plans and Budgets, Capital Budgets and any updates thereon.
- Quarterly Results of the Company and its operating divisions.
- Minutes of Meetings of Audit Committee and other Committees of the Board of Directors.
- Minutes of Board meetings of unlisted subsidiary companies.
- Board remuneration policy and individual remuneration packages of Directors.
- Information on recruitment and remuneration of senior including appointment or removal of Chief Financial Officer and the Company Secretary.
- Convening a meeting of shareholders of the Company, setting the agenda thereof and ensuring that a satisfactory dialogue with shareholders takes place.
- Declaration / recommendation of dividend.

The Board of Directors of the Company is presented with all information under the above heads, whenever applicable. These are submitted either as part of the agenda papers well in advance of the Board Meeting or are tabled in the course of the Board meeting.

### Board Support

The Company Secretary attends the Board Meetings and advises the Board on Compliances with applicable laws and governance.

### Directorships and Memberships of Board Committees

**Table 3: Directorships/committee positions as on March 31, 2020**

Sr. No	Name of Director	Category	Number of Directorships (including SILL)	Chairmanship in committees of Board (including SILL)	Membership in committees of Board (including SILL)
1.	Shri Satyanarayan Nuwal DIN:00713547	Chairman and Executive Director	05	-	-
2.	Shri Kailashchandra Nuwal* DIN: 00374378	Vice-Chairman and Executive Director	05	-	-
3.	Shri Manish Nuwal DIN: 00164388	Managing Director and CEO	04	-	03
4.	Shri Suresh Menon DIN: 07104090	Executive Director	01	-	-
5.	Shri Anil Kumar Jain DIN: 03532932	Executive Director	03	-	01
6.	Shri Anant Sagar Awasthi# DIN: 00228429	Non-Executive Independent Director	01	-	-
7.	Shri Dilip Patel DIN: 00013150	Non-Executive Independent Director	05	05	06
8.	Shri Ajai Nigam DIN: 02820173	Non-Executive Independent Director	02	-	01
9.	Shri Amrendra Verma DIN: 00236108	Non-Executive Independent Director	05	03	06
10.	Smt. Madhu Vij DIN: 00025006	Non-Executive Independent Director	04	-	02
11.	Shri Sunil Srivastav^ DIN: 00237561	Non-Executive Independent Director	05	02	03

Note:

\*Shri Kailashchandra Nuwal, Executive Director and Vice Chairman of the Company has vacated the office of Director w.e.f. from November 7, 2019.

#Shri Anant Sagar Awasthi (DIN: - 00228429) Non-Executive Independent Director had stepped down from the Board of the Company on the completion of his tenure i.e on March 31, 2020.

^ Shri Sunil Srivastav has been appointed as a Non-Executive Independent Director of the Company w.e.f February 11, 2020

Notes:

- Directorship does not include Private Companies which are not subsidiaries to Public Companies, Section 8 Companies and Foreign Companies.
- Does not include Chairmanship/Membership in Board Committees other than the Audit Committee, Shareholders' Relationship Committee.
- None of the Directors were members in more than 10 committees and had not held Chairmanship in more than five committees across all companies in which he/she was a director as on March 31, 2020.

**Table 3A: Given below is the chart setting out the skills/ expertise/ competence of the Board of Directors and Names of the Listed Companies wherein the Directors of the Company are Directors:**

Sr. No	Name of Director	Expertise in specific functional area	List of Directorship held in other Listed Companies and Category of Directorship
1.	Shri Satyanarayan Nuwal DIN: 00713547	A first generation entrepreneur with expertise in Business Management and Corporate Planning.	-
2.	Shri Manish Nuwal DIN: 00164388	A second generation entrepreneur and an industrialist with stupendous financial and management skills. His leadership skills have helped to scale the overseas business across new countries. He also provides his intellect in commercial and technical matters.	-
3.	Shri Anil Kumar Jain DIN: 03532932	Years of experience in management of operations across all plants.	-
4.	Shri Suresh Menon DIN: 07104090	A deep understanding of explosives market (both at Domestic and global markets).	-
5.	Shri Dilip Patel DIN: 00013150	Strong financial and leadership skills backed with effective communication skills	Godavari Drugs Limited (Non-Executive Independent Director)
6.	Shri Ajai Nigam DIN: 02820173	He possess deep knowledge and understanding of Explosives Act, Rules and Regulations	-
7.	Shri Amrendra Verma DIN: 00236108	A financial expert with vast knowledge in finance and Banking sector.	1. Electro Steel Castings Ltd (Non-Executive Independent Director) 2. Security and Intelligence Services(India) Limited (Non-Executive Independent Director)
8.	Smt. Madhu Vij DIN: 00025006	An analyst with expertise in International Financial Management, Management Accounting and Financial Decision Analysis.	1. Singer India Limited (Non-Executive - Independent Director, Shareholder Director) 2. SMC Global Securities Limited (Non-Executive Independent Director)
9.	Shri Sunil Srivastav <sup>^</sup> DIN: 00237561	He has very rich experience in Credit Risk, Project Finance, Corporate Finance, International Banking, Investment Banking, Corporate Strategy and Digital & Retail Banking.	1. Paisalo Digital Limited (Non-Executive Independent Director) 2. Eros International Media Limited (Non-Executive Independent Director) 3. Star Paper Mills Limited (Non-Executive Independent Director) 4. Security and Intelligence Services(India) Limited (Additional Director)

<sup>^</sup> Appointed as Non-Executive Independent Director of the Company w.e.f February 11, 2020

### 2.8 Relationship between Directors inter-se

**Table 4: Disclosure of relationships between Directors inter-se.**

Sr. No	Executive Directors	Relationship with other Directors
1.	Shri Satyanarayan Nuwal	Father of Shri Manish Nuwal
2.	Shri Manish Nuwal	Son of Shri Satyanarayan Nuwal
3.	Shri Suresh Menon	_____
4.	Shri Anil Kumar Jain	_____

There is no inter-se relationship between any of the Non-Executive Independent Directors and Executive Directors of the Company.

### 2.9 Directors Shareholding

**Table 5: Directors Shareholding as on March 31, 2020**

Sr. No	Name of Directors	No. of Equity Shares held
1.	Shri Satyanarayan Nuwal	13238254
2.	Shri Kailashchandra Nuwal*	20882963
3.	Shri Manish Nuwal	25232069
4.	Shri Suresh Menon	Nil
5.	Shri Anil Kumar Jain	705

Note:

\*Shri Kailashchandra Nuwal, Executive Director and Vice Chairman of the Company has vacated the office of Director w.e.f. November 7, 2019.

None of the Non-executive Independent Directors of the Company hold Equity Shares of the Company during the financial year ended March 31, 2020.

### 2.10 Code of Conduct:

The Board of Directors laid down a Code of Conduct for all the board members and senior management of the Company. The updated Code incorporates the duties of Independent Directors. This code has been posted on the web-site of the Company at [www.solargroup.com](http://www.solargroup.com).

All board members and senior management personnel have affirmed compliance with the code. A declaration to this effect is signed by Shri Manish Nuwal, Managing Director and Chief Executive Officer is attached and forms part of the Annual Report of the Company.

### 2.11 Performance Evaluation

Pursuant to the provisions of the Companies Act, 2013 and the SEBI (LODR) Regulations, 2015, the Board is required to monitor and review the Board evaluation framework. In accordance with the Corporate Governance Guidelines, the Board has carried out the annual performance evaluation of its own performance, the Chairman, the Directors individually,

Chief Financial Officer, Company Secretary as well as the evaluation of the working of its Audit, Nomination and Remuneration, Stakeholders Relationship, Corporate Social Responsibility and Risk Management Committee.

This evaluation is lead by the Chairman of the Nomination and Remuneration Committee with specific focus on the performance and effective functioning of the Board. The evaluation process also considers the time spent by each of the Board Member, core competencies, personal characteristics, accomplishment of specific responsibilities and expertise. The Board evaluation is conducted through questionnaire having qualitative parameters and feedback based on ratings. The Directors expressed their satisfaction with the evaluation process.

## 3. Second Layer Committees of Board of Directors

While the whole board remains accountable for the performance and affairs of the Company, it delegates certain functions to subcommittees and management to assist in discharging its duties. Appropriate structures for those delegations are in place, accompanied by monitoring and reporting systems. Each sub-committee acts within agreed, written terms of reference. The Chairman of each sub-committee reports at each scheduled board meeting. The Committees also make specific recommendations to the Board on various matters from time-to time. All observations, recommendations and decisions of the Committees are placed before the Board for information or for approval.

The Company has Five Board-level Committees, namely:

- Audit Committee
- Nomination and Remuneration Committee
- Stakeholders Relationship Committee
- Corporate Social Responsibility Committee
- Risk Management Committee

### 3.1 Audit Committee

The powers, role and terms of reference of the Audit Committee covers the areas as contemplated under Regulation 18 of the SEBI (LODR) Regulations, 2015 and Section 177 of the Companies Act, 2013, as applicable along with other terms as referred by the Board of Directors.

Besides, having access to all the required information from within the Company, the Committee can obtain external professional advice whenever required. The Committee acts as the link between Statutory and Internal Auditor and the Board of Directors of the Company. It reviews Financial Statements and investment of unlisted subsidiary companies, Management Discussion & Analysis of financial condition and results of operations etc.



**A. Extract of Terms of Reference**

Committee is constituted in accordance with the provisions of Regulation 18 of SEBI (LODR) Regulations, 2015, read with Section 177 of the Act.

1. Oversight of financial reporting process.
2. Reviewing with the management, the annual financial statements and auditors' report thereon before submission to the board for approval.
3. Evaluation of internal financial controls and risk management systems.
4. One-on-one Meeting with Statutory and Internal Auditors, recommendation for the appointment of Statutory, Internal and Cost Auditors and their remuneration.
5. Approve policies in relation to the implementation of the Insider Trading Code and to supervise implementation of the same.
6. Review of Business Risk Management Plan.
7. Review of Forex policy.
8. Review of Management Discussions and Analysis.
9. Review of Internal Audit Reports and significant related party transactions.

10. Reviewing the utilisation of loans and/or advances.

The Statutory Auditors, of the Company are invited to attend and participate at the meetings of the Committee. The Chief Financial Officer and other corporate officers make presentations to the Audit Committee on various issues.

The Chairman of the Audit Committee Shri Dilip Patel attended the last Annual General Meeting held on July 31, 2019.

M/s D L Associates and M/s Ekbote Deshmukh & Co. were the firms that performed the Internal Audit function of the Group for the FY 2019-20.

**B. Meetings during the year**

The Audit Committee met four times during the year under review. The Committee meetings were held on May 9, 2019, July 30, 2019, November 7, 2019 and February 11, 2020. The necessary quorum was present for all the meetings. The maximum interval between any two meetings did not exceed 120 days.

**C. Composition and Attendance**

The Attendance at the meetings was as under:

**Table 6: Composition and Attendance of Audit Committee as on March 31, 2020**

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

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

Note:

In pursuance, to Section 177 of the Companies Act, 2013 and Regulation 18 of SEBI (LODR) Regulations, 2015, the members of the Audit Committee possess financial / accounting expertise / exposure.

**3.2 Nomination and Remuneration Committee**

The Nomination and Remuneration Committee of the Company is constituted in accordance with the provisions of Regulation 19 of SEBI (LODR) Regulations, 2015 read with Section 178 of the Companies Act, 2013.

This Committee has been vested with authority to inter alia recommend nominations for Board Membership, develop and recommend policies with respect to the composition of the Board Commensurate with the size, nature of the business and operations of the Company, establish criteria for selection to the Board with respect to the competencies, qualifications,

experiences, track record and integrity and establish Director retirement policies and appropriate succession plans and determining overall remuneration policies of the Company.

The principal scope / role also includes review of market practices and to decide on remuneration packages applicable to Executive Directors, Senior Management Personnel, etc. and review the same.

The Nomination and Remuneration Committee will lay the foundation for the effective functioning of the Board.

### A. The primary responsibilities of this Committee include:

1. Identifying potential candidates who are qualified to become Directors and who may be appointed in senior management.
2. Determining the composition of the Board of Directors and the sub-committees of the board.
3. Specify methodology for effective evaluation of performance of Board/Committees/Directors either by Board, NRC or an Independent external agency and to review implementation of evaluation system;
4. Carry out the evaluation of every Director's performance and formulate criteria for evaluation of Independent Directors, Board/Committees of Board and review the term of appointment of Independent Directors on the basis of the report of performance evaluation of Independent Directors;
5. Formulate the criteria for determining qualifications, positive attributes and independence of a director.
6. Recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
7. To assist the Board's overall responsibility relating to executive compensation and recommend to the Board appropriate compensation packages for Whole-time Directors and Senior Management personnel in such a manner so as to attract and

retain the best available personnel for position of substantial responsibility with the Company.

8. Overall responsibility of approving and evaluating the compensation plans, policies and programs for all the Executive Directors and Senior Management Personnel.
9. Devising a policy on diversity of board of directors.
10. Deciding whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
11. Recommend to the board, the remuneration of the Directors, Key Managerial Personnel and other employees and in whatever form payable to senior management.
12. Undertake any other matters as the Board may decide from time to time.

Company has framed the Nomination & Remuneration Policy which is available at its website: [www.solargroup.com](http://www.solargroup.com)

### B. Meetings during the year:

The Nomination and Remuneration Committee met three times during the year under review on May 9, 2019, November 7, 2019 and February 11, 2020.

The necessary quorum was present for all the meetings.

### C. Composition and Attendance

The Attendance at the meetings was as under:

**Table 7: Composition and attendance of Nomination and Remuneration Committee as on March 31, 2020**

Sr. No	Name of Member(s)	Nature of Membership	Category	Number of Meetings attended
1.	Shri Amrendra Verma	Chairman	Non-Executive Independent Director	3/3
2.	Shri Dilip Patel	Member	Non-Executive Independent Director	3/3
3.	Shri Ajai Nigam	Member	Non-Executive Independent Director	3/3

The Company Secretary, Mrs. Khushboo A. Pasari acts as the Secretary to the Nomination and Remuneration Committee.

### D. Remuneration Policy

#### 1. Remuneration to Executive Directors

The appointment and remuneration of Executive Director i.e. Chairman and Managing Director is governed by the recommendation of the Nomination and Remuneration Committee, Resolutions passed by the Board of Directors and Shareholders of the Company. The remuneration package of Chairman and Managing Director comprises of salary, perquisites and allowances, and contributions to Provident and other Retirement Benefit Funds as approved by the shareholders at the General Meetings. Annual increments are linked

to performance and are decided by the Nomination and Remuneration Committee and recommended to the Board for approval thereof.

The Remuneration Policy is directed towards rewarding performance, based on review of achievements. It is aimed at attracting and retaining high caliber talent. The Nomination and Remuneration Policy is displayed on the Company's website viz. [www.solargroup.com](http://www.solargroup.com).

Presently, the Company does not have a stock options scheme for its Directors.

## E. Executive Directors Remuneration:

The remuneration package of the Executive Directors is normally decided over a period for 3/5 years by the Nomination and Remuneration Committee. The remuneration paid to the Executive Directors during the FY 2019-20 is as below:

**Table 8: Remuneration paid to Executive Directors during the FY 2019-20:**

(₹ in Crores)

Sr. No	Name of Director and Designation	Salary	Commission	Gratuity	Bonuses	Performance linked incentives	Performance criteria	Service Contract	Notice Period	Stock Options	Total
1.	Shri Satyanarayan Nuwal Chairman & Executive Director	1.20	1.50	0.06		Performance criteria is based on the performance of the Company and as may decided by the Board from time to time.	Performance criteria is based on the performance of the Company and as may decided by the Board from time to time.	5 Years from their respective date of appointment	As per the rules of the Company	Nil	2.76
2.	Shri Kailashchandra Nuwal* Vice-Chairman & Executive Director	1.20	1.50	0.06	As per policies and rules of the company					Nil	2.76
3.	Shri Manish Nuwal Managing Director & CEO	1.20	1.50	0.06						Nil	2.76
4.	Shri Suresh Menon Executive Director	0.48	-	0.01						Nil	0.49
5.	Shri Anil Kumar Jain Executive Director	0.51	-	0.03						Nil	0.54

Shri Kailashchandra Nuwal, Executive Director and Vice Chairman of the Company has vacated the office of Director w.e.f. November 7, 2019.

## F. Non-Executive Independent Directors Remuneration:

All the Five Non-Executive Independent Directors are Independent Directors i.e. Independent of management and free from any business or other relationship that could materially influence their judgment. All the Independent directors satisfy the criteria of independence as defined under Regulation 16 (1) (b) SEBI (LODR) Regulations, 2015.

There were no pecuniary transactions with any Non-Executive Independent Director of the Company.

The criteria for making payment to Non-Executive Directors is available on the website of the Company i.e. [www.solargroup.com](http://www.solargroup.com)

Non-Executive Independent Directors were only paid sitting fees for attending Board and Board Committee meetings for the FY 2019-20. None of the Non-Executive Directors held any shares in the Company.

No stock options were issued by the Company during the year under report.

The sitting fees [Remuneration] paid to the Non-Executive Independent Directors during the FY 2019-20 is as below:

**Table 9: Remuneration paid to Non-Executive Directors during the FY 2019-20**

Sr. No	Non-Executive Directors	Sitting Fees (₹)
1.	Shri Anant Sagar Awasthi#	180,000.00
2.	Shri Dilip Patel	338,000.00
3.	Shri Amrendra Verma	362,000.00
4.	Shri Ajai Nigam	338,000.00
5.	Smt. Madhu Vij	320,000.00
6.	Shri Sunil Srivastav	60,000.00

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

#Resigned from the Board w.e.f. March 31, 2020.

## G. Succession planning

The Nomination and Remuneration Committee works with the Board on succession plan to ensure orderly succession in appointments to the Board and in the senior management. The Company strives to maintain an appropriate balance of skills and experience within the Board of Directors and the organisation to introduce new perspectives while maintaining experience and continuity.

### 3.3 Stakeholders Relationship Committee

The Stakeholders Relationship Committee of the Company is constituted in line with the provisions of Regulation 20 of SEBI (LODR) Regulations, 2015 read with Section 178 of the Companies Act, 2013.

The Stakeholders Relationship Committee is responsible for the satisfactory redressal of investor complaints and recommends measures for overall improvement in the quality of investor services.

#### A. The primary responsibilities of this Committee includes:

1. Monitor and review any investor complaints received by the Company or through SEBI, SCORES and ensure its timely and speedy resolution, in consultation with the Company Secretary, Compliance officer and Registrar and Share Transfer Agent of the Company.
2. Monitor implementation and compliance with the Company's Code of Conduct for Prohibition of Insider Trading
3. Carry out any other function as is referred by the Board from time to time and / or enforced by any statutory notification / amendment or modification as may be applicable

4. Perform such other functions as may be necessary or appropriate for the performance of its duties
  - a. Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non - receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
  - b. Review of measures taken for effective exercise of voting rights by shareholders.
  - c. Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
- d. Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company.
5. Perform such other functions as may be necessary or appropriate for the performance of its duties.

### B. Meetings during the Year:

The Committee met four times during the year under review. The Committee meetings were held on May 9, 2019, July 30, 2019, November 7, 2019 and February 11, 2020. The gap between any two meetings has been less than four months.

### C. Composition and Attendance

The Attendance at the meetings was as under:

**Table 10: Composition and attendance of Stakeholders Relationship Committee as on March 31, 2020**

Sr. No	Name of Member(s)	Nature of Membership	Category	Number of Meetings attended
1.	Shri Amrendra Verma	Chairman	Non-Executive Independent Director	4/4
2.	Shri Manish Nuwal	Member	Executive Director	4/4
3.	Shri Anil Kumar Jain	Member	Executive Director	3/4

The Company Secretary, Mrs. Khushboo A. Pasari acts as the Secretary to the Nomination and Remuneration Committee.

### D. Nature of Complaints and Redressal Status

During the past financial year there were no complaints received by the Company from the investors. There were no complaints outstanding as on March 31, 2020. The number of pending share transfers and pending requests for dematerialization as on March 31, 2020 were Nil. Shareholders'/Investors' Complaints and other correspondence are normally attended within seven working days except where constrained by disputes or legal impediments. No investor grievances remained unattended / pending for more than thirty days as on March 31, 2020. There were no investor complaints filed through SEBI SCORES during the year.

The Company Secretary, Mrs. Khushboo Pasari is designated as Compliance Officer who oversees the redressal of the investor's grievances.

responsibility policy, observe practices of Corporate Governance at all levels, and to suggest remedial measures wherever necessary. The Board has also empowered the Committee to look into matters related to sustainability and overall governance.

The Committee's composition and terms of reference are in compliance with the provisions of the Companies Act, 2013.

### A. Terms of Reference

- i. To formulate and recommend to the Board, a CSR Policy and the activities to be undertaken by the Company as per Schedule VII of the Companies Act, 2013
- ii. To review the CSR Policy and associated frameworks, processes and practices of the Company and make appropriate recommendations to the Board.
- iii. To ensure that the Company is taking the appropriate measures to undertake and implement CSR projects successfully and shall monitor the CSR Policy from time to time.
- iv. To identify the areas of CSR activities and recommend the amount of expenditure to be incurred on such activities.

### 3.4 Corporate Social Responsibility Committee

The Committee's prime responsibility is to assist the Board in discharging its social responsibilities by way of formulating and monitoring implementation of the framework of corporate social

- v. To coordinate with such other agency for implementing programs and executing initiatives as per CSR policy and shall review the performance of such other agency periodically.
- vi. To form and delegate authority to subcommittees when appropriate.
- vii. To report regularly to the Board.

The Company has framed the CSR Policy which is available at its website:  
<https://reports.solargroup.com/PCSR.pdf>

#### B. Meetings during the Year:

The Committee met four times during the year under review. The Committee meetings were held on May 09, 2019, July 30, 2019, November 07, 2019 and February 11, 2020.

The necessary quorum was present for all the meetings. The maximum interval between any two meetings did not exceed 120 days.

#### Composition of CSR Committee

**Table 11: Composition and attendance of Corporate Social Responsibility Committee as on March 31, 2020**

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

The Company Secretary, Mrs. Khushboo A. Pasari acts as the Secretary to the Nomination and Remuneration Committee.

#### 3.5 Risk Management Committee

The Committee is constituted in accordance with the provisions of Regulation 21 of SEBI (LODR) Regulations, 2015. Business Risk Evaluation and Management is an ongoing process within the Company. The Company has a dynamic risk management framework to identify, monitor, mitigate and minimise risks as also to identify business opportunities.

The Members of the Committee are drawn from the Members of the Board and Senior Executive of the Company.

##### A. Terms of reference:

- i. To enable visibility and oversight of Board on risk management system and material risk exposures of the Company.
- ii. Providing a framework that enables future activities to take place in a consistent and controlled manner.

- iii. Improving decision making, planning and prioritization by comprehensive and structured understanding of business activities, volatility and opportunities/ threats.
- iv. Contributing towards more efficient use/ allocation of the resources within the organization.
- v. Protecting and enhancing assets and company image.
- vi. Reducing volatility in various areas of the business.
- vii. Developing and supporting people and knowledge base of the organization.
- viii. Optimizing operational efficiency

##### B. Meetings during the Year:

The Committee met once during the year under review. The Committee meeting was held on February 11, 2020 and the necessary quorum was present in the meeting.

#### C. Composition and Attendance

The Attendance at the meetings was as under:

**Table 12: Composition and attendance of Risk Management Committee as on March 31, 2020**

Sr. No	Name of Member(s)	Nature of Membership	Category	Number of Meetings attended
1.	Shri Manish Nuwal	Chairman	Managing Director & CEO	1/1
2.	Shri Anil Kumar Jain	Member	Executive Director	1/1
3.	Shri Suresh Menon	Member	Executive Director	1/1
4.	Shri Dilip Patel	Member	Non-Executive Independent Director	1/1
5.	Shri Amrendra Prasad Verma	Member	Non-Executive Independent Director	1/1
6.	Shri Sartaj Singh	Member	Director of Group Company	1/1
7.	Shri Nilesh Panpaliya	Member	Chief Financial Officer	1/1
8.	Shri Vivek Aparajit	Member	Senior General Manager – IT	1/1

The Company Secretary Mrs. Khushboo A. Pasari acts as the Secretary to Corporate Social Responsibility Committee.

### 4. Committee Minutes

Minutes of all the Committees of the Board are prepared by the Secretary of the Committee, approved by the Chairman of the Meeting, entered in their respective Minutes Book within stipulate time frame, circulated to the Board in the Agenda for the succeeding meeting and adopted and taken on record.

### 5. Third Layer Governance by shareholders

#### a) General Body Meetings

**Table 13: Information of last three Annual General Meetings (AGMs) held**

Year	Location	Date & Time	Special Resolution Passed
24 <sup>th</sup> AGM 2019	Hotel Tuli Imperial, Central Bazar, Ramdaspath, Nagpur-440010	July 31, 2020 at 1.00 p.m	<ul style="list-style-type: none"> <li>Special Resolution was passed for Re-appointment of Shri Dilip Patel as Non-Executive Independent Director</li> <li>Special Resolution was passed for Re-appointment of Shri Ajai Nigam as Non-Executive Independent Director</li> <li>Special Resolution was passed for Re-appointment of Shri Amrendra Prasad Verma as Non-Executive Independent Director</li> <li>Special Resolution was passed for Re-appointment of Shri Anant Sagar Awasthi as a Non-Executive Independent Director</li> </ul>
23 <sup>rd</sup> AGM 2018	Hotel Tuli Imperial, Central Bazar, Ramdaspath, Nagpur-440010	July 31, 2020 at 12.30 p.m	<ul style="list-style-type: none"> <li>Increase in Limits of Borrowings U/S 180 (1) (c) of the Companies Act, 2013.</li> <li>Increase in limits of providing security u/s 180 (1) (a) of the Companies Act, 2013 in connection with the borrowing of the Company</li> </ul>
22 <sup>nd</sup> AGM 2017	Hotel Tuli Imperial, Central Bazar, Ramdaspath, Nagpur-440010	August 21, 2017 at 12.30 p.m	Special Resolution was passed for Appointment of Shri Roomie Dara Vakil as an Executive Director

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

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

d) During the year under review, no Extraordinary General Meeting of the members of the Company was convened.

#### 6.3 Any website, where displayed

The Financial Results of the Company are displayed on the Company's website i.e. [www.solargroup.com](http://www.solargroup.com)

#### 6.4 Whether it also displays official news releases

Official news releases along with quarterly results are displayed on the Company's website: [www.solargroup.com](http://www.solargroup.com)

### 6. Means of Communication

#### 6.1 Quarterly Results

The quarterly Financial Results of the Company are published in accordance with the requirements of the SEBI (LODR) Regulations, 2015.

#### 6.2 Newspapers wherein results are normally published:

Quarterly results are published in leading dailies such as, Business Standards (All Editions) and Loksatta (Nagpur Edition).

#### 6.5 Presentations to Institutional Investors or Analysts

During the FY 2019-20, presentations made to institutional investors or analysts by Solar Industries India Limited are displayed on the Company's website [www.solargroup.com](http://www.solargroup.com)

#### 6.6 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.

## 6.7 Annual Report

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

## 6.8 Chairman's Communique

Chairman's Speech shall be distributed to the Shareholders over Email. The same is also placed on the website of the Company i.e. [www.solargroup.com](http://www.solargroup.com)

## 6.9 Designated Exclusive email-id for investor services

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

[investor.relations@solargroup.com](mailto:investor.relations@solargroup.com)

## 6.10 NSE Electronic Application Processing System (NEAPS)

The NEAPS is a web-based application designed by NSE for corporates. All periodical compliance filings like shareholding pattern, corporate governance report, media releases, among others are filed electronically on NEAPS.

## 6.11 BSE Corporate Compliance & Listing Centre (the 'Listing Centre')

BSE's Listing Centre is a web-based application designed for corporate. All periodical compliance filings like shareholding pattern, corporate governance report, media releases, among others are also filed electronically on the Listing Centre.

## 6.12 SEBI Complaints Redress System (SCORES)

The investor complaints are processed in a centralised web-based complaints redress system. The salient features of this system are: Centralised database of all complaints, online upload of Action Taken Reports (ATRs) by concerned companies and online viewing by investors of actions taken on the complaint and its current status.

## 6.13 Reminder to Investors

Reminders to shareholders for claiming unclaimed dividend and transfer of shares thereto, email registration are regularly communicated.

# 7. General Shareholder Information and Disclosures

## 7.1 Annual General Meeting

Day & Date: Wednesday, the 16<sup>th</sup> day of September, 2020  
Time: 11.30 a.m.

Venue: The Company is conducting meeting through VC/OAVM pursuant to the MCA Circular dated May 5, 2020 and as such there is no requirement to have a venue for the AGM. For details please refer to the Notice of this AGM.

As required under Regulation 36(3) of the SEBI (LODR) Regulations, 2015 and Secretarial Standard 2, particulars of Directors seeking appointment/re-appointment at this AGM are given in the Annexure to the Notice of this AGM.

## 7.2 Financial Calendar

Our Tentative calendar for declaration of results for the financial year 2020-21 is given below:

**Table 14: Financial results schedule for the year 2020-21**

Particulars	Tentative Schedule
Financial Reporting for the Quarter ending June 30, 2020	On or before September 14, 2020
Financial Reporting for the Quarter ending September 30, 2020	On or before November 14, 2020
Financial Reporting for the Quarter ending December 31, 2020	On or before February 14, 2021
Financial Reporting for the Year/Quarter ending March 31, 2021	On or before May 30, 2021
Annual General meeting for the Year ending March 31, 2021	In or before September, 2021

## 7.3 Final Dividend

The Board of Directors of the Company has proposed the Final Dividend of Rs. 6/- Per Equity Share for the financial year ended on March 31, 2020 subject to the approval by the shareholders of the Company at the 25<sup>th</sup> Annual General Meeting.

### Dates of Book Closure

The Register of Members and the share Transfer Books of the Company shall remain closed from Saturday, September 5, 2020 till Wednesday, September 16, 2020 (both days inclusive) for payment of Final Dividend and Annual General Meeting

## 7.4 Final Dividend Payment Date

The payment of dividend, upon approved by the shareholders at the forthcoming Annual General Meeting, will be made between Wednesday, September 19, 2020 to Friday, September 25, 2020

- To all those Beneficiaries holding shares in electronic form, as per the ownership data made available to the Company by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as at end of the day on Friday, September 4, 2020.
- 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 Friday, September 4, 2020.

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

The dividend amount shall be credited in the shareholders bank account directly through NECS. Alternatively, physical warrant / Demand Draft shall be posted to the shareholders at their registered address available with the Depository/ Company. The intimation for credit of dividend amount through NECS shall also be sent to the shareholders through E-mail/ordinary post thereafter.

### 7.5 Corporate Identity Number (CIN)

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

### 7.6 Listing on Stock Exchanges

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

**Table 15: Listing Details**

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

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

### 7.7 Market Price Data

High, Low (based on daily closing prices) during each month in the FY 2020 on NSE and BSE:

**Table 16: Market Price data of Solar Industries India Limited**

#### Market Price Data of BSE & NSE Stock Exchanges FY 2019-20

MONTH	BOMBAY STOCK EXCHANGE				NATIONAL STOCK EXCHANGE			
	SHARE PRICE		SENSEX POINTS		SHARE PRICE		S & P CNX NIFTY POINTS	
	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW
April 2019	1099.00	1019.00	39487.45	38460.25	1099.00	1037.80	11856.15	11549.10
May 2019	1240.00	1018.00	40124.96	36956.10	1221.00	1015.60	12041.15	11108.30
June 2019	1300.00	1106.05	40312.07	38870.96	1311.00	1103.65	12103.05	11625.10
July 2019	1281.90	1100.00	40032.41	37128.26	1285.00	1094.00	11981.75	10999.40
August 2019	1170.00	1045.10	37807.55	36102.35	1174.00	1043.60	11181.45	10637.15
September 2019	1141.50	1045.00	39441.12	35987.80	1150.00	1045.00	11694.85	10670.25
October 2019	1166.00	1036.55	40392.22	37415.83	1125.55	1050.00	11945.00	11090.15
November 2019	1090.00	1005.00	41163.79	40014.23	1084.00	1000.00	12158.80	11802.65
December 2019	1100.00	1021.40	41809.96	40135.37	1078.70	1026.10	12293.90	11832.30
January 2020	1325.00	1057.00	42273.87	40476.55	1317.05	1060.00	12430.50	11929.60
February 2020	1350.00	1134.10	41709.30	38219.97	1349.00	1133.05	12246.70	11175.05
March 2020	1179.15	772.05	39083.17	25638.90	1215.00	773.05	11433.00	7511.10

### 7.8 There was no suspension of trading in the Securities of the Company during the year under review.

### 7.9 Registrar and Share Transfer Agent

Link Intime India Pvt. Limited  
C 101, 247 Park,  
L B S Marg, Vikhroli West,  
Mumbai 400 083  
Tel No: +91 22 49186000  
Fax: +91 22 49186060  
Email: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

## 7.10 Share Transfer System

Share transfer and related operations for the Company, is conducted by M/s. Link Intime India Pvt. Ltd which is registered with SEBI as a Category 1 registrar. Share transfer is normally affected within maximum period of 30 days from the date of receipt, subject to the documents being valid and complete in all respects.

## 7.11 Distribution of shares and shareholding pattern as on March 31, 2020

Table 17: Shareholding pattern as on March 31, 2020

Shareholding of nominal value (₹)	Number of Shareholders	Number of Shares	Percent of total Shareholders
1 - 500	12507	989128	93.4334
501 – 1000	397	297868	2.9658
1001 – 2000	187	270449	1.3970
2001 – 3000	68	170461	0.5080
3001 – 4000	42	146119	0.3138
4001 – 5000	24	110383	0.1793
5001 – 10000	51	370411	0.3810
10001-- *****	110	88135236	0.8218
<b>TOTAL</b>	<b>13386</b>	<b>90490055</b>	<b>100</b>

Table 18: Shareholding Pattern (Category wise) as on March 31, 2020

Sr. No	Category	No. of Shareholders	Total Shares	% Total Share holding
1	Promoters	7	66191271	73.1476
2	Resident Individuals(public)	12260	3056369	3.3776
3	Hindu Undivided Family	394	295286	0.3263
4	Mutual Funds	44	15427239	17.0485
5	Clearing Members	37	6712	0.0074
6	Other Bodies Corporate	245	736739	0.8142
7	Investor Education And Protection Fund	1	1745	0.0019
8	Non Resident Indians	214	62484	0.0691
9	Non-Resident Indians(Non Repatriable)	142	34692	0.0383
10	Non Nationalised Banks	2	7365	0.0081
11	NBFCs Registered With RBI	1	470	0.0005
12	GIC & its Subsidiaries	1	1055662	1.1666
13	Foreign Portfolio Investor(Corporate)	33	3611800	3.9914
14	Insurance Companies	1	2221	0.0025
<b>TOTAL</b>		<b>13382</b>	<b>90490055</b>	<b>100</b>

## 7.12 Dematerialisation of Shares and liquidity

The Company's shares are compulsorily traded in dematerialised form and are available for trading on both the Depositories in India viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). 90490000 Ordinary Shares of the Company representing 99.99% of the Company's share capital is dematerialised.

## 7.13 Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity:

The Company has not issued any GDRs/ADRs/Warrants or any convertible instruments in the past and hence, as on March 31, 2020, the Company does not have any outstanding GDRs/ADRs/Warrants or any convertible instruments.

## 7.14 Disclosure Related to Commodity Price Risks and Commodity Hedging Activities

During the FY 2019-20, the Company had managed the foreign exchange risk and hedged to the extent considered necessary. The Company enters into forward contracts for hedging foreign exchange exposures against exports and imports. The details of foreign currency exposure are disclosed in Note 32 to the Annual Accounts of the Company.

### 7.15 Plant Locations as on March 31, 2020

Table 19: Plant Locations as on March 31, 2020

Sr. No	Unit	Address	City
1	Solar Industries India Limited, Chakdoh	Kh No 37-39 & 78-83, Amravati Road Village-Chakdoh (Bazargaon), Tehsil-Katol	Nagpur, Maharashtra
2	Solar Industries India Limited, Waidhan Unit-1	Plot No. 32-37, Udyog Deep Industrial Area, Teh. Waidhan, Dist. Singrauli (M.P.) - 486 886	Waidhan , Madhya Pradesh
3	Solar Industries India Limited, Warur	Survey No. 101, Warur Road, Tahsil - Rajura, Dist. Chandrapur (M.S.) - 442 905	Chandrapur, Maharashtra.
4	Solar Industries India Limited, Korba	Khasra No. 5, Village-Mudapar, (Hardi Bazar) Po- Korbi/Dhatara, Tahsil:Pali, Dist-Korba (Chhattisgarh) Pin-495446	Korba, Chattisgarh.
5	Solar Industries India Limited, Ramgarh	Plot No. 967 & 1156, Village-Manua(Binjhar), Post-Argada(Hesla), Dist. Ramgarh (Jharkhand) - 829 101.	Hazribagh, Jharkhand.
6	Solar Industries India Limited, Tadali	Plot No. B-11, MIDC Growth Centre, Tadali, Dist. Chandrapur (M.S.)	Tadali, Distt- Chandrapur Maharashtra
7	Solar Industries India Limited, Dhanbad	Plot No. C-32-33 (P), Kandra Industrial Area, At-Bhetia,Post: Govindpur, Dist. Dhanbad (Jharkhand) - 828109	Dhanbad, Jharkhand.
8	Solar Industries India Limited, Asansol	Plot No. 2/848, 3&5, Mouza Barapukuria, Post: Kalla(C.H), District : Paschim Bardhaman (West Bangal) - 713340	Burdwan, West Bengal
9	Solar Industries India Limited, Talcher	IDCO Plot No. 27,Revenue Plot No. 48(P),Industrial Estate,Village-Ghantapada, Post- South Balanda(Talcher), Dist-Angul(Odisha),Pin-759116	Angul, Orissa.
10	Solar Industries India Limited, Manendragarh	Khasara No. 323/2 Mouza - Chainpur , Tahsil & Post-Manendragarh, Dist- Korea (Chhattisgarh) Pin Code- 497442	Koria, Chattisgarh.
11	Solar Industries India Limited, Karimnagar	Survey No. 363, Village:Mustial, Post:Sundilla, Mandal-Ramagiri, Dist.Peddapalli, State-Telangana 505209	Karimnagar, Andra Pradesh
12	Solar Industries India Limited, Jharsuguda	Plot No.389 to 392, village-Beherapali, Post Badmal, Tehsil Jharsuguda, Dist. Jharsuguda (Odisha) - 768 202	Jharsuguda, Orissa
13	Solar Industries India Limited, Waidhan Unit-2	KH. No. 975/2 ,Post -Ganiyari, Tahsil- Waidhan, District- Singrauli (M.P.)486886	Dist. Singrauli (M.P)
14	Solar Industries India Limited, Bhilwara	Khasra No. 1459 & 1460, Village- Rupaheli , Tah.-Hurda, Dist.- Bhilwara, State – Rajasthan- 311030	Tahesil Hurda, Dist Bhilwara (Raj.)
15	Solar Industries India Limited, Kothagudem	Survey No 117, Village: Penagadapa , Post:Venkateshkhani, Mandal-Kothagudem , Dist.Bhadradi Kothagudem ,State -Telangana 507103.	Dist-Khammam, Telangana -507103
16	Solar Industries India Limited, Kota	Khasra No 132 & 137, Village Dingsi, Post - Suket, Tahsil Ramganj Mandi, District Kota - 326530 (Rajasthan).	Dist- Kota (Rajasthan)
17	Solar Industries India Limited, Barbil	(Khata no. 118/22) plot no.1048, 1046/1265, 1047, 1049, 1035, 1134, 1034, 1046/1264 & 1046, Village Naibaga, Tehsil Jhumpura, District - Keonjhar (Odisha) - 758034	Dist- Keonjhar (OR)- 758031
18	Economic Explosives Limited	Village – Sawanga	Teh and Dist: Nagpur
19	Economic Explosives Limited, Nimjee	Kh – 40/1 & 40/2 , Khapri, PO – MIDC,Gondkhari, Kamleshwar Road	
20	Emul Tek Private Limited	Survey No.61, Town/Village - Udyog deep Industrial Estate, Waidhan, Singrauli, Madhya Pradesh - 486886.	Distt – Singrauli (MP)
21	Blastec (India) Private Limited	Survey No(s). 280,281 Town/Village - Darramuda, post office - Garhumariya, District- Raigarh, Chhattisgarh. 496001	Teh & Distt- Raigarh (CG)
22	Blastec (India) Private Limited	Plot No 75, Udyogdeep, Industrial Estate, Waidhan. Singrauli. M.P 486886	Distt – Singrauli (MP)
23	Blastec (India) Private Limited	Survey No. 624/3, Plot no. 14, Town/Village - Ratija, Korba, Chhattisgarh. Pincode-495449	Teh & Distt- Korba (CG)
24	Solar Industries India Limited, Kotputli (Under Process)	Kh.No. 200,201/1034,201 & 218 Village Kujota, Tahsil - Kotputli, Dist. - Jaipur, Rajasthan	Kotputli
25	Solar Industries India Limited, Bhadesar (Under Process)	Survey No 2683,2684, & 2685 Village - Bhadesar - 312602 Tahsil - Bhadsora Dist. Chittorgarh - Rajasthan	Bhadsora
26	Solar Industries India Limited, Satna (Under Process)	Survey No 153/1, Patwari Halka no 32, Village – Bagha, Tahsil – Rampur (Bhaghelan) Dist. Satna - MP	Satna, MP

Sr. No	Unit	Address	City
27	Solar Industries India Limited, Seppakkam (Under Process)	Survey No 281/1,281/2, 281/3, 281/4, 281/5, 281/6 A, 281/8 and 281/9 Village – Seppakkam, Dist– Cuddalore , Tamilnadu	Seppakkam, Tamilnadu
28	Solar Industries India Limited, Pallewada (Under Process)	Survey No 187/A/A & 188/A/B Village – Pallewada Dist. Khammam - Telangana	Pallewada, Telangana
29	Blastec (India) Private Limited, Warur (Under Process)	Survey No 101 (Part Land, Village – Warur Road, Tahsil – Rajura, Dist. Chandrapur - Maharashtra	Chandrapur Maharashtra

#### 7.16 Address for correspondence

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

##### Solar Industries India Limited

Khushboo Pasari

Compliance Officer/Company Secretary

“Solar” House, 14, Kachimet, Amravati Road

Nagpur-440023, Maharashtra

Tel: (0712) 6634555

Fax: (0712) 2560202

Email: investor.relations@solargroup.com

CIN: L74999MH1995PLC085878

#### 7.17 Credit Rating

Given below are the ratings given to the Company by CRISIL during the year under review:

Sr. No	Particulars	Rating
1.	Long Term Borrowings	CRISIL AA+/Stable (Upgraded from 'CRISIL AA/Positive')
2.	Short Term Borrowings	CRISIL A1+ (Reaffirmed)
3.	Commercial Paper	CRISIL A1+ (Reaffirmed)

**Table 20: Major 10 Shareholders as on March 31, 2020 (other than promoters)**

Sr. No	Name of Shareholder	Holding	Percentage (%)
1	SBI Equity Hybrid Fund	5375788	5.9408
2	Kotak Emerging Equity Scheme	3629646	4.0111
3	HDFC Trustee Company Ltd - A/c HDFC Mid – Capopportunities Fund	3195849	3.5317
4	DSP Midcap Fund	2176145	2.4048
5	ICICI Prudential Life Insurance Company Limited	1055662	1.1666
6	Fidelity Emerging Markets Fund	1003069	1.1085
7	India Midcap (Mauritius) Ltd.	690146	0.7627
8	Vicco Products Bombay Pvt Ltd	543961	0.6011
9	Fidelity Advisor Series Viii - Fidelity Advisor Emerging Markets Fund	478800	0.5291
10	Variable Insurance Products Fund li Emerging Markets Portfolio	338739	0.3743

### 7.18 Voting through electronic Means

Pursuant to Section 108 of the Companies Act, 2013 and the Rules made there under, every listed Company is required to provide its members facility to exercise their right to vote at general meetings by electronic means.

The Company has entered into an arrangement with NSDL, an authorised agency for this purpose, to facilitate such e-voting for its members.

The shareholders would therefore be able to exercise their voting rights on the items put up in the Notice of Annual General Meeting, through such e-voting method.

E-Voting shall be open for a period of 3 days, from Sunday, September 13, 2020 (9.00 a.m. IST) and end on Tuesday, September 15, 2020 (5.00 p.m. IST). The Board has appointed Shri Tushar Pahade partner at M/s. Joshi Pahade & Associates, Practicing Company Secretaries as scrutiniser for the e-voting process.

Detailed procedure is given in the Notice calling 25<sup>th</sup> Annual General Meeting and also placed on the website of the Company.

### 7.19 Transfer of unpaid/unclaimed amounts to Investor Education and Protection Fund

During the year under review, the Company has transferred unpaid and unclaimed dividend amount lying in the final dividend account (FY 2011-12) of ₹ 39,690/- and Interim Dividend account (FY 2012-13) of ₹ 45,400/- to Investor Education and Protection Fund.

### 7.20 Unclaimed Dividends

Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on July 31, 2019 (date of last Annual General Meeting) on the Company's website ([www.solargroup.com](http://www.solargroup.com)), as also on the Ministry of Corporate Affairs' website.

We give below a table providing the dates of declaration of Dividend and the corresponding dates when unclaimed dividends are due to be transferred to the Central Government.

**Table 21: Details of unclaimed dividends**

Financial Year	Date of Declaration of Dividend	Unclaimed Amount as on March 31, 2020 (in Rupees)	Last Date for claiming Unpaid Dividend
2012-13 (Final)	September 11, 2013	58272.00	September 11, 2020
2013-14 (Interim)	October 28, 2013	44,775.00	October 28, 2020
2013-14 (Final)	September 4, 2014	16289.00	September 4, 2021
2014-15 (Interim)	November 10, 2014	26328.00	November 10, 2021
2014-15 (Final)	September 9, 2015	39878.00	September 9, 2022
2015-2016 (First Interim)	October 29, 2015	22572.00	October 29, 2022
2015-2016 (Second Interim)	March 4, 2016	48997.00	March 4, 2023
2016-17 (Interim)	February 14, 2017	52684.00	February 14, 2024
2016-17 (Final)	August 21, 2017	61713.00	August 21, 2024
2017-18 (Final)	July 31, 2018	85548.00	July 31, 2025
2018-19 (Final)	July 31, 2019	99953.00	July 31, 2026

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

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

The Company had sent individual notices and also advertised in the newspapers seeking action from the Members who have not claimed their dividends for seven consecutive years or more. Accordingly, the Company has transferred such

unpaid or unclaimed dividends and corresponding shares upto the Interim Dividend for the Financial Year 2012-13. Members/claimants whose shares, unclaimed dividend, have been transferred to the IEPF demat Account or the Fund, as the case may be, may claim the shares or apply for refund by making an application to the IEPF Authority in Form IEPF-5 (available on <http://www.iepf.gov.in>) along with requisite fee as decided by the IEPF Authority from time to time. The Member/claimant can file only one consolidated claim in a Financial Year as per the IEPF Rules.

The Company will be transferring the Final Dividend and corresponding shares for the Financial Year 2012-13 and the Interim Dividend and corresponding shares for the Financial Year 2013-14 on or before September 9, 2020 and October 26, 2020 respectively. Members are requested to ensure that they claim the dividends and shares referred above, before they are transferred to the said Fund. Due dates for Transfer of Unclaimed Dividend to IEPF are provided in the Report



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

## 8. Subsidiary Companies

The Audit Committee reviews the consolidated financial statements of the Company and the investments made by its unlisted subsidiary companies. The minutes of the Board meetings along with a report on significant development of the unlisted subsidiary companies are periodically placed before the Board of Directors of the Company.

The Company has a policy for determining 'material subsidiaries' which is disclosed on its website.

- A statement containing all significant transactions and arrangements entered with subsidiary companies is placed before the Company's Board and Audit Committee.

## 9. Reconciliation of Share Capital Audit

As per Regulation 76 of SEBI (Depositories and Participants) Regulations, 2018, a qualified practicing Company Secretary Shri Tushar Pahade partner at M/s. Joshi Pahade and Associates, Company Secretaries, has carried out reconciliation of share capital audit of every quarter to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The audit confirms that the total issued/paid up capital is in agreement with the aggregate total number of shares in physical form, shares allotted & advised for demat credit but pending execution and the total number of dematerialized shares held with NSDL and CDSL.

## 10. Fourth Layer Governance Through Management Process

### 10.1 Disclosure:

#### a. Disclosure of Related Party Transactions:

There are no material related party transactions during the year under review that have conflict with the interest of the Company. Transactions entered into with related parties during FY2020 were in the ordinary course of business and at arms' length basis and were approved by the Audit Committee. except the transaction of a lease agreement which Company has entered into with A.G Technologies Private. Ltd (AGT) in November,2019. The shareholding interest in AGT at that time was not disclosed to the Company and the same was disclosed on July,29 2020. In terms of section 184(3) of the Companies Act,2013, the said transaction is voidable in nature. The Company will decide about the Rent Agreement as advised and in accordance with the law at the next Board Meeting.

As required under Regulation 23 of SEBI (LODR) Regulations 2015, the Company has adopted a policy on dealing with and materiality of Related Party Transactions has been placed on the Company's website and can be accessed at the following link: <https://reports.solargroup.com/PORP-2.pdf>

#### b. Legal Compliance Management Tool

The Company is in process to implement "Compliance Module" across the organization, which will devised to ensure compliance with all applicable laws that impact the Company's business. Pursuant to which the Company has engaged Legasis Services Private Limited for providing the IT enabled solution called 'Legatrix' to seamlessly manage corporate, legal & regulatory compliances so as to avoid legal impediment.

The tool is intended to provide an assurance to the Board on legal compliances as ensured by the Company. The application of the tool has been extended to cover all plant locations and Corporate Office. The Implementation of the tool is in process and it is expected to Go-Live in the FY 2020-21.

#### c. Details of Non-Compliance by the Company, Penalties and Strictures Imposed on the Company by Stock Exchanges or SEBI or any Statutory Authority, on any matter related to Capital Markets, during the last three years

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

#### d. Whistle Blower Policy/Vigil Mechanism

The Company has a Policy and has established the necessary vigil mechanism for directors and employees to report concerns about unethical behavior. No person has been denied access to the Chairman of the Audit Committee.

The Whistle Blower Policy is posted on the website of the Company at the link <https://reports.solargroup.com/WBP.pdf>

#### e. In terms of Regulation 16 (1) (c) SEBI (LODR) Regulations, 2015 the Company has formulated a Policy for Determining Material Subsidiaries and the same is available on the Company's website. The Policy can be accessed at: <https://reports.solargroup.com/PFDMS-1.pdf>

#### f. Terms of appointment of Independent Directors

Pursuant to Regulation 46 of SEBI Listing Regulations and Section 149 read with Schedule IV of the Act, the Terms and conditions of appointment / re-appointment of Independent Directors are available on the Company's

website at [www.solargroup.com](http://www.solargroup.com).

- g. The Company has not raised any funds through preferential allotment or qualified institutions placement during the Financial Year ended March 31, 2020.
- h. There was no suspension of trading in the Securities of the Company during the year under review.
- i. A certificate from Practicing Company Secretary stating that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of Company by the Board/Ministry of Corporate Affairs or any such statutory authority is enclosed to this report.
- j. There has been no such incidence where the Board has not accepted the recommendation of the Committees of the Company during the year under review.
- k. Total fees for all services paid by the listed entity and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part.

Details relating to fees paid to the Statutory Auditors are given in Note 25(a) to the Standalone Financial Statements.

- l. Pursuant to the requirements of Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2014, your Company has a policy and framework for employees to report sexual harassment cases at workplace and our process ensures complete anonymity and confidentiality of information.

The Company's Policy on Prevention of Sexual Harassment at Workplace is in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (Prevention of Sexual Harassment of Women at Workplace Act) and Rules framed thereunder. Internal Complaints Committee has also been set up to redress complaints received regarding sexual harassment.

The Company is committed to providing a safe and conducive work environment to all of its employees and associates.

**Table 22: Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:**

Sr. No	Particulars	Number
1	Number of complaints on Sexual harassment received during the year	Nil
2	Number of Complaints disposed off during the year	Not Applicable
3	Number of cases pending as on end of the Financial Year	Not Applicable

### m. Disclosure of Non-Compliance with Corporate Governance Requirement

There is no Non-Compliance of any requirement of Corporate Governance Report of sub-para (2) to (10) of the Part C of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### n. Disclosure Policy

In accordance with requirements under Regulation 30 of the SEBI (LODR) Regulations 2015, the Company has framed a policy on disclosure of material events and information as per the SEBI (LODR) Regulations 2015, which is available on the Company's website at: <https://reports.solargroup.com/PODOFME.pdf>

### o. D&O Insurance for Directors

In line with the requirements of Regulation 24(10) of the SEBI (LODR) Regulations 2015 the Company has taken Directors and Officers Insurance (D&O) for all its Directors and Members of the Senior Management for such quantum and for such risks as determined by the Board.

### p. Policy for Preservation of Documents

Pursuant to the requirements under Regulation 9 of the SEBI (LODR) Regulations 2015, the Board has formulated and approved a Document Retention Policy prescribing the manner of retaining the Company's documents and the time period up to certain documents are to be retained. The policy percolates to all levels of the organization who handle the prescribed categories of documents.

The Company has adopted a policy for preservation of documents and the same is available on the Company's website at <https://reports.solargroup.com/POPOD.pdf>.

### q. Disclosure of Accounting Treatment:

In the preparation of the financial statements, the Company has followed the Accounting Standards referred to in Section 133 of the Companies Act, 2013. The significant accounting policies which are consistently applied are set out in the Notes to the Financial Statements.

### r. Proceeds from Public Issues, Rights Issue, Preferential Issues, etc.

During the period under review, the Company has not made any public issues, rights issue, and preferential issues.

### s. Compliance on Matters Related to Capital Markets

We have complied with all the requirements of regulatory authorities. During the last three years, there was no instance of non-compliance by the Company and no penalty or strictures were imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority, on any matter related to the Capital Markets.

#### t. Code for Prevention of Insider Trading

The Company has adopted an 'Internal Code of Conduct for Regulating, Monitoring and Reporting of Trades by Designated Persons' ("the Code") in accordance with the SEBI (Prohibition of Insider Trading) Regulations, 2015 (The PIT Regulations).

The Code is applicable to Promoters, Member of Promoter's Group, all Directors and such Designated Employees who are expected to have access to unpublished price sensitive information relating to the Company. The Company Secretary is the Compliance Officer for monitoring adherence to the said PIT Regulations.

The Company has also formulated 'The Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI)' in compliance with the PIT Regulations.

The code is posted on the website of the Company at the link <https://reports.solargroup.com/COPAPF.pdf>

- u. The disclosures of the compliance with corporate governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 .

Sr. No	Particulars	Regulation	Brief Description of Regulation	Compliance Status (Yes / No/ NA)
1.	Board of Directors	17 (1)	Board Composition	Yes
		17 (2)	Meeting of Board of Directors	Yes
		17 (3)	Review of Compliance Reports	Yes
		17 (4)	Plans for orderly succession for appointments	Yes as and when applicable
		17 (5)	Code of Conduct	Yes
		17 (6)	Fees / Compensation	Yes
		17 (7)	Minimum Information to be placed before Board	Yes
		17 (8)	Compliance Certificate	Yes
		17 (9)	Risk Assessment & Management	Yes
		17 (10)	Performance evaluation	Yes
2.	Audit Committee	18 (1)	Composition of Audit Committee & Presence of the Chairman of the Committee at the Annual General Meeting	Yes
		18 (2)	Meeting of Audit Committee	Yes
		18(3)	Role of Committee and Review of information by the Committee	Yes
3.	Nomination and Remuneration Committee	19 (1) & (2)	Composition of Nomination & Remuneration Committee	Yes
		19(3)	Presence of the Chairman of the Committee at the Annual General Meeting	Yes
		19(4)	Role of Committee	Yes
4.	Stakeholders Relationship Committee	20 (1) ,(2) &(3)	Composition of Stakeholders Relationship Committee	Yes
		20(4)	Role of Committee	Yes
5.	Risk Management Committee	21 (1), (2)& (3)	Composition and role of risk management committee	Yes
		21(4)	Role of the Committee	Yes
6.	Vigil Mechanism	22	Formulation of Vigil Mechanism for Directors and Employee	Yes
7.	Related Party Transaction	23 (1), (5), (6), (7), (8) & (9)	Policy for Related Party Transactions	Yes
		23 (2) &(3)	Approval including omnibus approval of Audit Committee for all Related Party Transaction and review of Transaction by the Committee	Yes
		23 (4)	Approval for material related party transactions	N.A.
8.	Subsidiaries of the Company	24(1)	Composition of Board of Directors of unlisted material subsidiary	Yes
		24 (2), (3), (4), (5) & (6)	Other corporate Governance requirements with respect to subsidiary of listed entity	Yes
9.	Obligations with respect to Independent Directors	25 (1) & (2)	Maximum Directorship & Tenure	Yes
		25 (3)	Meeting of Independent Directors	Yes
		25 (4)	Review of Performance by the Independent Directors	Yes
		25 (7)	Familiarization of Independent Directors	Yes

Sr. No	Particulars	Regulation	Brief Description of Regulation	Compliance Status (Yes / No/ NA)
10.	Obligations with respect to Directors and Senior Management	26 (1)&(2)	Memberships in committees	Yes
		26 (3)	Affirmations with compliance to Code of Conduct from members Board of Directors and Senior Management personnel	Yes
		26 (4)	Disclosure of shareholding by non – executive Directors	Yes
		26 (5)	Policy with respect to Obligations of Directors and Senior Management	Yes
11.	Other Corporate Governance Requirements	27(1)	Compliance of Discretionary Requirements	Yes
		27(2)	Filing of Quarterly Compliance Report on Corporate Governance	Yes
12.	Disclosures on Website of the Company	46(2)(b)	Terms and conditions of appointment of Independent Directors	Yes
		46(2)(c)	Composition of various committees of Board of Directors	Yes
		46(2)(d)	Code of Conduct of Board of Directors and Senior Management Personnel	Yes
		46(2)(e)	Details of establishment of Vigil Mechanism / Whistle Blower policy	Yes
		46(2)(f)	Criteria of making payments to Non-Executive Directors	Yes
		46(2)(g)	Policy on dealing with Related Party Transactions	Yes
		46(2)(h)	Policy for determining Material Subsidiaries	Yes
		46(2)(i)	Details of familiarization programmes imparted to Independent Directors	Yes

### 10.2 Discretionary Requirements under Regulation 27 of Listing Regulation

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

The Chairman of SOLAR is an Executive Director and hence this clause is not applicable.

#### b. Shareholders rights

As the Company's quarterly and half yearly financial results are published in the English newspaper (Business Standard) having a circulation all over India and in a Marathi newspaper (Loksatta) having a circulation in Nagpur, the same are not sent separately to the shareholders of the Company, but hosted on the website of the Company.

#### c. Audit Qualifications

During the year under review, there is no audit qualification in your Company's financial statements. Your Company continues to adopt best practices to ensure regime of unqualified financial statements.

#### d. Reporting of Internal Auditor

The Internal Auditors of the Company report to the Audit Committee in all functional matters.

### 11. CEO/ CFO Certification

The CEO/CFO of the Company have certified positively to the Board on the matters specified under Regulation 17(8) of the SEBI (LODR) Regulations 2015 for the year ended March 31, 2020. The said certificate is attached in this Annual Report.

### 12. Auditor's Certificate on Corporate Governance

The Company obtained the certificate from the auditors of the Company regarding compliance with the provisions relating to the Corporate Governance laid down the certificate annexed to the report on Corporate Governance Schedule V of SEBI (LODR) Regulations 2015, for the FY 2019-20, and will be sent to the stock exchanges along with this annual report to be filled by the Company.

# Declaration by Chief Executive Officer (CEO)

I, Manish Satyanarayan Nuwal, Managing Director and Chief Executive Officer of Solar Industries India Limited hereby confirm pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, that:

- The Board of Directors of Solar Industries India Limited has laid down a code of conduct for all the Board Members and Senior Management Personnel of the Company. The said code of conduct has also been posted on Company's website: [www.solargroup.com](http://www.solargroup.com).
- All the Board members and senior management personnel have affirmed their compliance with the said code of conduct for the year ended on March 31, 2020.

**For Solar Industries India Limited**

**Manish Nuwal**

Managing Director &  
Chief Executive Officer

Place: Nagpur

Date: July 31, 2020

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

The Board of Directors,  
**Solar Industries India Limited**

We have reviewed financial statements and the cash flow statements of Solar Industries India Limited for the year ended March 31, 2020 and that to the best of our knowledge and belief, we state that:

- 1)
  - i. These statements do not contain any materially untrue statement nor omit any material fact or contain statements that might be misleading, and
  - ii. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- 2) We are, to the best of our knowledge and belief, no transactions entered into by the Company during the FY 2019-20 which are fraudulent, illegal or violative of the Company's code of conduct.
- 3) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- 4) We have indicated to the auditors and the Audit committee of:
  - i. significant changes in internal control over financial reporting during the year,
  - ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii. instances of significant fraud of which we have become aware and the involvements therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**For Solar Industries India Limited**

**Manish Nuwal**

Managing Director &  
Chief Executive Officer

Place: Nagpur

Date: July 31, 2020

**For Solar Industries India Limited**

**Nilesh Panpaliya**

Chief Financial Officer



# Certificate by the Auditors on Corporate Governance

To,  
The Members of  
**Solar Industries India Limited**

We have examined the compliance of conditions of Corporate Governance by Solar Industries India Limited, for the year ended on March 31, 2020, as stipulated under Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and para C and D of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

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

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the provisions as specified in Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

For and on behalf of  
**Akshay Rathi & Associates**  
Chartered Accountants

**Akshay Rathi**  
Proprietor  
M.No. 161910

Firm Registration No.139703W  
UDIN - 20161910AAAABO4025

Place: Nagpur  
Date: July 31, 2020

# Explosion of Opportunities

## STATUTORY REPORTS

To,  
The Members of  
Solar Industries India Limited

**Subject:** Certificate under Schedule V(C)(10)(i) of SEBI (Listing Obligations and Disclosure Requirements), 2015

We, **Joshi Pahade & Associates**, Practicing Company Secretaries, have examined the Company and Registrar of Companies records, books and papers of **Solar Industries India Limited (CIN: L74999MH1995PLC085878)** having its Registered Office at "Solar" House, 14, Kachimet, Amravati Road, Nagpur- 440023, Maharashtra, India (the Company) as required to be maintained, under the Companies Act, 2013, SEBI Regulations, other applicable rules and regulations made thereunder for the Financial Year ended on March 31, 2020.

In our opinion and to the best of our information and according to the examinations carried out by us and explanations and representation furnished to us by the Company, its officers and agents, we certify that none of the following Directors of the Company have been debarred or disqualified from being appointed or continuing as Directors of Companies by the SEBI/ Ministry of Corporate Affairs or any such statutory authority as on March 31, 2020:

Sr. No	Name of the Director	Designation	DIN
1	Shri Satyanarayan Nuwal	Chairman & Executive Director	00713547
2	Shri Kailashchandra Nuwal	Vice-Chairman & Executive Director	00374378
3	Shri Manish Nuwal	Managing Director & CEO	00164388
4	Shri Anil Kumar Jain	Executive Director	03532932
5	Shri Suresh Menon	Executive Director	07104090
6	Shri Anant Sagar Awasthi*	Non-Executive Independent Director	00228429
7	Shri Dilip Patel	Non-Executive Independent Director	00013150
8	Shri Amrendra Verma	Non-Executive Independent Director	00236108
9	Shri Ajai Nigam	Non-Executive Independent Director	02820173
10	Smt. Madhu Vij	Non-Executive Independent Director	00025006
11	Shri Sunil Srivastav^	Non-Executive Independent Director	00237561

Note:-

\*Shri Anant Sagar Awasthi was appointed w.e.f March 31, 2020

^Shri Sunil Srivastav was appointed w.e.f February 11, 2020

For and on behalf of  
**Joshi Pahade & Associates**  
Company Secretaries

**Tushar Pahade**  
Partner

M.No. FCS 7784

CP No. 8576

UDIN-F007784B000310504

Place: Nagpur

Date: June 02, 2020

To,  
The Members of  
**Solar Industries India Limited**

**Subject:** Supplementary Certificate to the Certificate under Schedule V (C) (10) (i) of SEBI (Listing Obligations and Disclosure Requirements), 2015 dt. June 02, 2020 issued by us for the Financial Year ended 31<sup>st</sup> March 2020.

We, Joshi Pahade & Associates, Company Secretaries, on the basis of the documents and opinion received by Solar Industries India Limited from Hon'ble Judge (Retd.) of Supreme Court of India and an eminent Practicing Company Secretary dt. 30<sup>th</sup> July 2020, we state that Mr. Kailashchandra Nuwal has vacated his office of Director and consequently Vice Chairman of the Company w.e.f. 7<sup>th</sup> November 2019. Pursuant to which, for necessary compliance, we had filed Form DIR 12 dt. July 30, 2020 to that effect.

In the above background, we are issuing this Supplementary Certificate.

**For Joshi Pahade & Associates**

**Tushar S. Pahade**

FCS 7784

CP 8576

UDIN - F007784B000538600

Date: July 31, 2020

Place: Nagpur

# Business Responsibility Report

## Our Value Building Journey:

The concept of sustainability is incorporated into the core of our business and has been expanded to encompass our aspirations and responsibilities to the society and to the environment. The Company endeavors to drive sustainability through initiatives across the units of operation and community because it's a journey without milestones.

## Section A

### General Information about the Company

Sr. No	Questions	Company Information
1.	Corporate Identity Number(CIN) of the Company	L74999MH1995PLC085878
2.	Name of the Company	Solar Industries India Limited
3.	Registered address	"Solar" House,14, Kachimet, Amravati Road, Nagpur – 440023.
4.	Website	<a href="http://www.solargroup.com">www.solargroup.com</a>
5.	E-mail id	brr@solargroup.com
6.	Financial Year reported	April 1, 2019 to March 31, 2020.
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	Manufacturing of Industrial Explosives and Initiating Systems (20292)
8.	List three key products/ services that the Company manufactures/ provides (as in balance sheet)	<ul style="list-style-type: none"> <li>Industrial Explosives (Bulk + Large &amp; Small Dia. Explosives)</li> <li>Detonating Fuse</li> <li>Electric and Non-Electric Detonators</li> </ul> Please refer to company's website ( <a href="http://www.solargroup.com">www.solargroup.com</a> ) for complete details of the products.
9.	Total number of locations where business activity is undertaken by the Company	i) International Locations: Solar through its subsidiaries has operations in Zambia, Nigeria, Turkey, South Africa, Tanzania, Australia and Ghana. ii) National Locations: Solar's domestic manufacturing units are located in the 9 states viz. Maharashtra, Chhattisgarh, Madhya Pradesh, Jharkhand, Odisha, Telangana, Rajasthan, West Bengal and Tamil Nadu.
10.	Markets served by the Company	Solar's products have a national presence and several products are exported.

## Section B

### Financial Details of the Company

Sr. No	Questions	Company Information
1.	Paid up Capital as on March 31, 2020	90490055 Equity shares of ₹ 2/- each amounting ₹ 18.10 Crores
2.	Total Turnover (INR) (including other income)	₹ 1546.89 Crores
3.	Total profit after taxes (INR)	₹ 213.40 Crores
4.	Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax	The Company's total spending for the FY 2019-20 is ₹ 4.80 Crores which is 2.25% of Profit after tax
5.	Activities in which in point 4 above has been incurred	The initiatives undertaken by the Company are in line with the eligible areas as listed under Schedule – VII of the Companies Act, 2013. Please refer CSR report annexed to the Board's Report.

## Section C

## Other Details

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

The Company has 6 (Six) wholly owned Subsidiaries and 16 (Sixteen) Step down subsidiaries as on the date of report.

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

Yes. One of its subsidiary company Economic Explosives Limited participates in BR initiatives along with Solar Industries India Limited.

## iii. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company?

The Company does not mandate its suppliers/distributors to participate in the Company's BR initiatives. However, they are encouraged to adopt such practices and follow the concept of being a responsible business.

## Section D

## BR Information

## i. Details of Director/Directors responsible for BR:

a) Details of the Director/Directors responsible for implementation of the BR policy/policies:

1	DIN	00164388
2	Name	Shri Manish Nuwal
3	Designation	Managing Director and Chief Executive Officer

## ii. Principle-wise (as per NVGs) BR policy/policies:

Details of compliance (Reply in Y - Yes/ N- No)

Principle-wise as per National Voluntary Guidelines (NVGs)

Sr. No	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/policies for	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	All the policies have been formulated in consultation with management of the company and are approved by the Board.								
3	Does the policy confirm to any national /international standards? If yes, specify?	(The policies are based on NVG, in addition to conformance to the spirit of international standards like ISO 9001:2000 and ISO 14000:2004, OHSAS 18001)								
4	Has the policy being approved by the Board? If yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Yes all the Policies have been approved by the Board & have been signed by the Managing Director of the Company.								
5	Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online	Yes, the policies have been communicated to all the internal stakeholders. For external stakeholders all the policies are available at company's website at: <a href="http://www.solargroup.com">www.solargroup.com</a>								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	The policies have been communicated to Solar's internal and external stakeholders. The BR Policies are communicated through this report.								
8	Does the Company have in-house structure to implement the policy/ policies?	Yes, the Sustainability Compliance Review Committee (SCRC) of the Corporate Social Responsibility is responsible for the implementation of Solar's BRR policies.								
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Yes, any grievance or feedback can be sent to <a href="mailto:brr@solargroup.com">brr@solargroup.com</a>								
10	Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Yes. The Company internally carried out evaluation of the working of BRR cum sustainability policies by its Subcommittee – Sustainability Compliance & Review Committee (SCRC).								

## b) Details of the BR head:

Sr. No	Particulars	Details
1	Name	Mrs. Khushboo Pasari
2	Designation	Company Secretary & Compliance Officer
3	Telephone Number	(+91) 0712-6634556
4	E-mail Id.	<a href="mailto:cs@solargroup.com">cs@solargroup.com</a> <a href="mailto:brr@solargroup.com">brr@solargroup.com</a>

## Business Responsibility Policies and Guidelines:

The Company has aligned its policies and guidelines with the principles enunciated under the Business Responsibility Reporting framework on social, environmental and economic responsibilities of business. The context of the BR principles is embodied in the Policies and Code of Conduct adopted by the Company, implementation of which is ensured through well-established systems and processes.

Company has made a BRR Manual briefing on each principle of NVG (National Voluntary Guidelines). The manual has the policies framed under each principle and the details of the activities which the Company conducts or can conduct as its Business Responsibility initiatives.

### Solar's Policies aligned with Business Responsibility Principles:

Principle	Business Responsibility Principles	Relevant Policies	Link
1.	Ethics, Transparency and Accountability	a. Code of Conduct, b. Whistle Blower Policy, c. Anti Bribery Policy	<a href="https://reports.solargroup.com/COC_BOD_SMP.pdf">https://reports.solargroup.com/COC_BOD_SMP.pdf</a> <a href="https://reports.solargroup.com/WBP.pdf">https://reports.solargroup.com/WBP.pdf</a> <a href="https://reports.solargroup.com/POACAB.pdf">https://reports.solargroup.com/POACAB.pdf</a>
2.	Products Life-cycle Sustainability	Policy on Product responsibility and Life-cycle Sustainability	<a href="https://reports.solargroup.com/POLCS.pdf">https://reports.solargroup.com/POLCS.pdf</a>
3.	Employees' Well-Being	Policy on Employee Well-Being.	<a href="https://reports.solargroup.com/POEW.pdf">https://reports.solargroup.com/POEW.pdf</a>
4.	Stakeholder Engagement	Policy on Stakeholder Engagement	<a href="https://reports.solargroup.com/POSE.pdf">https://reports.solargroup.com/POSE.pdf</a>
5.	Human Rights	Policy on Human Rights	<a href="https://reports.solargroup.com/POHR.pdf">https://reports.solargroup.com/POHR.pdf</a>
6.	Environment	Policy on Environment, Health and Safety	<a href="https://reports.solargroup.com/POEHAS.pdf">https://reports.solargroup.com/POEHAS.pdf</a>
7.	Policy advocacy	Policy on Responsible Advocacy	<a href="https://reports.solargroup.com/PORA.pdf">https://reports.solargroup.com/PORA.pdf</a>
8.	Inclusive Growth and Equitable Development	Policy on Corporate Social Responsibility	<a href="https://reports.solargroup.com/PCSR.pdf">https://reports.solargroup.com/PCSR.pdf</a>
9.	Customer value	Policy on Responsibility towards Customers and their Engagement	<a href="https://reports.solargroup.com/CSSAM.pdf">https://reports.solargroup.com/CSSAM.pdf</a>

### iii. Governance related to Business Responsibility (BR)

- a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year:

The Board of Directors of the Company, either directly or through its Committees, assesses various initiatives forming part of the BR performance of the Company on a periodic basis. The CSR Committee meets every quarter to review implementation of the projects/ programmes/ activities to be undertaken in the field of CSR. Other supporting functions/groups like Sustainability, meet on a periodic basis to assess the BR performance.

- b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published? :

The Company publishes the information on BR which forms part of the Annual Report of the Company. The Annual Report is also uploaded on the website of the Company at [www.solargroup.com](http://www.solargroup.com).

utilized in a manner that meets stakeholders' aspirations and societal expectations.

We follow a "Code of Conduct" with the underlying philosophy of conducting our business in an ethical manner as enshrined by our values and beliefs. This helps in creating a work environment that is conducive to our employees and our associates. The Code sets out the guidelines to be followed by each member of the solar group.

Our Company also has a Whistle Blower Policy which allows employees to bring to the attention of the Management, promptly and directly, any unethical behavior, suspected fraud or irregularity in the Company practices.

The Solar's Code of Conduct as well as the Vigil Mechanism and Whistle Blower Policy ensure that highest standards of personal and professional integrity are maintained within the organisation.

Solar is committed to conduct business with integrity and ensuring adherence to all laws and regulations and achieving highest standards of Corporate Governance. The Company has set the highest standards in transparency to not just maintain but also grow the confidence of all its stakeholders.

## Section E

### PRINCIPLE - WISE PERFORMANCE

#### Principle 1: Ethics, Transparency and Accountability

Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

Ethics and integrity is at the very heart of the work culture at Solar. Our philosophy is to conduct the business with high ethical standards in our dealings with all the stakeholders that include employees, customers, suppliers, government and the community.

Solar believes that since we employ societal and environmental resources, our governance processes must ensure that they are

### Information with reference to BRR framework:

- 1) Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs/ Others?
  - i. The Company is committed to adhere to the good standards of ethical, moral and legal conduct of business operations. The Company, in order to maintain these standards has adopted the 'Code of Conduct', and the 'Policy on Anti-Bribery' which lays down the principles and standards that should govern the actions of the employees in the course of conduct of business of the Company.



- ii. The Company has strict code of conduct to prevent insider trading and ensure integrity. There are standard communications given to all the insiders before the Board Meeting that communicates the prohibited time period when they should not trade in the Company's securities.
- iii. The Company has a Whistle Blower Policy which is fundamental to the Company's professional integrity.

**2) How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.**

No complaints relating to ethics, bribery and corruption were received during the FY 2019-20.

**Principle 2 - Product Life Cycle Sustainability**

**Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.**

Our sturdy commitment to ensure acquiescence with relevant standards to preserve environment clean and safe using practices and products that are less hazardous to health and environment at the initial stage, wherein pertinent health and safety elements across designing, manufacturing, supply chain and consumption are identified and evaluated.

SILL's endeavour towards responsible product stewardship and producing sustainable products which enhancing the safety in operation and minimum damage to environment. The company objectives to make its products safer and environment friendly.

**Information with reference to BRR framework:**

**1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**

**(a) Eco power:** This is the new generation packaged emulsion explosives products. It is low strength small diameter cartridge emulsion suitable for soft rock strata. The benefits of 'Eco power' in the mining activities are:

- i. providence of low cast products
- ii. higher accuracy
- iii. controlled emissions of blast fumes

**(b) Solar prime Gold:** This product is development in large diameter (LD) slurry explosives suitable for hard rock strata. The advantages of 'Solar prime Gold' product is:

- i. high strength product
- ii. good fragmentation with lesser quantity of explosives
- iii. minimal emissions of blast fumes

**(c) Solar e- det (Electronic detonator):** This is an extension of initiating devices and has been established at Solar Industries India Limited. 'Solar det' is an electronic detonator and used for initiating detonator sensitive

explosives. The recompenses of electronic detonator over the conventional electric or non-electric detonator used in the mining industry are:

- i. improved blasting results owing to accurate delay timing
- ii. advanced precision
- iii. decrease in air blast/ground vibration
- iv. safe use in extraneous electric environments
- v. possibility of limiting the number of detonators per shot

**2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):**

- i) **Reduction during usage by consumers (energy, water) has been achieved since the previous year?**

The power consumption per ton of emulsion explosives has been reduced from 45 units to 37 units in last year by improvement and incorporation of common cooling processes for two of the product lines.

We have installed electronic water meters at the borewells, and online water consumption recording is done and review periodically. Company is complying with zero liquid discharge (ZLD) plants and all the ETP and STP water is recycled and made useful for gardening and steam boilers. The condensate water recovered from the steam line traps is transferred back to the boiler for reuse. This has resulting substantial reduction of water consumption and heat energy. Moreover, availability of rain waters-a soft water-in the check dam and water ponds, saves on water softening and saving in energy cost of ground water abstraction viz-a-viz conservation of natural resources.

**3. Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainability? Also, provide details thereof, in about 50 words or so.**

Company epitomises contribution to the Energy management and bearable sourcing to the Energy management, Environment responsibility, Occupational Health & safety, and Social networking. The company has ISO 14001:2015 to protection the environmental management system to effectively manage its activities like manufacturing, storage and use of explosives and chemicals. SILL aiming to protection of human health of employees, contractors as well nearby extents and has implemented the approach of OHSAS 18001:2007.

Company has incorporated many materials handling equipment's to reduce the load of work force and utilize their energy in the development of the process and productivity. A resourceful planning of return load of company's explosives van has benefited in fuel energy savings.

The product is designed in such a manner that after use there should not be any adverse effect on environment. Products are inveterate from their environmental aspects by the

authorized scientific laboratories and only after clearance the products are used in the mines.

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

The Company encourages the procurement of goods and services from local and small producers surrounding its plant locations.

The external providers and contractors, who are engaged in operation and other works of plants mostly employee workmen from the nearby villages. Company is also committed to improve the vendors OHSAS necessities across all its plant locations. Some of the vendors specifically developed their process to ensemble our requirements and used in the process specially packaging materials. SIIL allocate lots of workings to the local vendors for its developments and have better experience in getting in time supply.

5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as 10%). Also, provide details thereof, in about 50 words or so.

We have policy to minimize waste and implemented mechanism to segregate explosives and non-explosives

wastes from the processes. We are recycling most of the useful wastes and all others are destroyed being explosives in nature. Company has set up acetic acid distillation unit for concentrating the dilute acid and reuse completely in the process. Simultaneously, some other biproducts are processed for making useful raw materials to be used in process of other products. Treated waste- water of HMX/RDX plants are utilised fully in other process as raw materials.

We are complying with the guidelines of Explosives Rules, 2008 and authorisation for Hazardous and other wastes (Management and Transboundary Movement) Rules, 2016 for disposal of hazardous wastes to the CHWTSD facility as approved by Maharashtra Pollution Control Board. We ensure to send electronic wastes for recycling through registered dealers.

### Principle 3 - Employees' Well-Being

**Businesses should promote the well-being of all employees.**

Employee well-being and maintaining the work-life balance requirements has been of paramount significance to solar. Policy on 'Employee Well-Being', which also covers 'Diversity and Equal Opportunity', 'Freedom of Association', among others, guide the management approach on specific elements of the Company's work practices. The Company is an equal opportunity employer and makes employment decisions based on merit and business needs.

#### Information with reference to BRR framework:

Sr. No	Questions	Information
1	Total number of employees	1965
2	Total number of employees hired on temporary/ contractual/ casual basis	3132
3	Total number of permanent women employees	48
4	Total number of permanent employees with disabilities	7
5	Do you have any Employees association that is recognized by the management	There is one employees association that is recognized by the management as well as Industrial Court. Solar respects the rights of employees to free Association and representation.
6	What percentage of your permanent employees is members of this recognized employee association?	Almost, all the workers are members of the recognised employee associations (unions).

7. Details of complaints filed during the financial year are as follows:

Sr. No	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
1	Child labour/ forced labour / involuntary labour	Nil	Nil
2	Sexual harassment	Nil	Nil
3	Discriminatory employment	Nil	Nil

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

Safety being one of the core values for which the Company is committed to. Company's management believes that providing safe work place is their key responsibility. We make sure that our premises, operations and systems are safe. The Company's safety policies cover all the manufacturing locations, R & D, magazines and office buildings.

The Company has been accredited OHSAS-18001:2007 & ISO 14001:2015 by DNV-GL and audits have been conducted internally by trained lead auditor as well as by external auditors of certification agency. Employee training and development is an essential element of Solar's strategy. During FY 2019-20 the Company provided safety & skill up-gradation training to almost 90% of the concerned employees including casual employees, employees with disabilities who required the same. Solar has imparted 3.010 million man hours of training in its work place.

**Principle 4: Stakeholders Engagement**

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

Stakeholder engagement helps your Company in decision making, in delivering Solar commitments, in strengthening relationships and succeeding in the business.

**Information with reference to BRR framework:**

1. Has the company mapped its internal and external stakeholders?

We have mapped our internal and external stakeholders in a structured way and carry out engagements with them on a regular and ongoing basis. Regular engagement and transparency in action, we believe, builds trust and trust nurtures relationships.

**Our key stakeholders are:** Employees, Shareholders & Investors, Business Partners, Consumers and Community.

Sr. No	Stakeholder	Nature	Medium of Engagement
1	Government and regulatory authorities	External	• Industry Bodies/Forums
2	Employees	Internal	• Sharing information via the Intranet, emails and other methods • Conferences with employee groups • Meetings, Training
3	Customers	External	• Customer Satisfaction Feedbacks, Survey etc.
4	Suppliers	External	• Dialogue through day-to-day business activities • Conferences and meetings • Plant visits
5	Society and Local Community	External	• Visits, programs, camps
6	Investors and shareholders	External	• Annual General Meeting • Investor meets and Annual report • Financial Results briefings

2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?

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

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.

Yes, Solar has taken the path of inclusive development to address the societal issues and engage the disadvantaged, vulnerable and marginalized stakeholders.

As Solar we engage the people as and where possible. We have already engaged some employees in our Company who are handicapped. We are planning to engage these type of people in society in future also.

**Principle 5 - Human Rights**

**Businesses should respect and promote human rights**

Respecting human rights is fundamental to our values, policies and business strategy. We equally focus on building awareness around promotion of human rights. The organisation maintains engaging and transparent relations with all its members, associates and any related Associations. The organisation has well entrenched guideline led policies and practices to address and redress grievances of any nature.

**Information with reference to BRR framework:**

1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/ NGO/Others?

The policy is applicable to Solar and its subsidiaries. Solar's Human rights policy covers the guidelines on Right to Equality, Freedom, Cultural and Educational rights and it's applicable to all employees of Solar group.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

There have been no cases of discrimination & Human right breaches during the reporting period.

### Principle 6 - Environment

**Businesses should respect, protect, and make efforts to restore the environment.**

#### Information with reference to BRR framework:

1. Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGO /others.

We have a Safety, Health and Environment Policy in place and initiative actions to protect environment in all our manufacturing processes. This policy is applicable to all its manufacturing locations.

2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for web page etc.

Yes. The overall roadmap as well as specific issues of concern including those related to Environment and Climate change and Global Warming is reviewed in detail and Company undertake all the desired initiatives on continuous basis to mitigate the impact as a result of our operations and products throughout their life cycle. Continuous monitoring of various environmental parameters are being done and company takes conscious efforts not only to minimise emissions by undertaking various initiatives & implementing innovative technologies across our operations but also to reduce, reuse, recycle and reclaim vital resources.

3. Does the company identify and assess potential environmental risks? Y/N

Yes, Company has implemented Environment Management System and accredited ISO-14000:2015. Environmental management plan has been prepared and Impact register is periodically reviewed for keeping it updated and for improving environmental performance. The hazards are identified during project stage by a series of Hazard study (HS) and risk assessment conducted prior to process operation by Hazard Identification & Risk Assessment (HIRA). Other safety mechanism like JSA, JCC, TBT, Basis of Safety (BOS) are being followed. Various safety improvement initiatives comprising behavioral safety, structural and equipment safety and critical control management at the process are undertaken and benchmarking with best operating practice.

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

The Company has taken proactive approach to demonstrate commitment towards zero liquid discharge. All the sewage and plant effluent streams are treated in STP/ETP comprising advanced treatment facilities, Tertiary treatment by Reverse osmosis (RO) and Multi Effect Evaporating systems (MEES).

The treated water is recycled within plant process and gardening purposes.

5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

Company recognizes the natural resources and the ecosystem it operates and consistently operates the facility for conserving it. The Company has adopted eco-friendly technologies across its various operational processes. A monthly EHS performance is reviewed. Some of the initiatives undertaken for environmental preservation are highlighted below:

- We practice on site segregation of waste at all the sites. All the hazardous waste is disposed through authorised and approved dealers by MPCB.
- Reduction of hazardous & non-hazardous waste through process improvement.
- The organic waste from canteen is composted. The electronic wastes are sent to authorised recyclers.
- The effluent and sewage streams are treated and recycled.
- Additional effluent treatment facilities have been installed for HMX/RDX process house and treated water is fully recycled as process input in other products process.
- Acetic acid distillation system installed for concentration of dilute acid and utilisation of recovered concentrated acetic acid is being done.
- Multi effect evaporation system (MEES) has been installed for treatment of Pink water generated from TNT plant.
- Online electronic water meters have been installed and water conservations are being recorded on portal. Rain harvesting facilities have been developed through check dam and water harvesting ponds.
- Environmental clearance granted by MoEF and subsequently Consent to operate obtained from MPCB under Water, Air and authorisation of Hazardous Waste (Management & Handling and Transboundary Movement) Rules and duly renewed up to June 30, 2021.
- Environmental monitoring conducted by third party laboratory on quarterly basis for waste- water, drinking water, stack, and ambient air/noise.

6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the Financial Year being reported?

Generation and disposal of Hazardous waste by the company was within the limit as per consent /authorisation granted by Maharashtra pollution control board during the financial year 2019-20.

7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as an end of Financial Year.

There are no show cause notices from either CPCB/MPCB in the reporting period.

**Principle 7 - Responsible Advocacy**

**Businesses when engaged in influencing public and regulatory policy, should do so in a responsible manner.**

**Information with reference to BRR framework:**

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:
  - a. SAFEX International
  - b. International Society of Explosive Engineers
  - c. Explosive Manufacturers Welfare Association
  - d. Vidarbha Chambers of Commerce
2. Have you advocated/ lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas ( drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others).

No.

**Principle 8 - Inclusive Growth**

**Businesses should support inclusive growth and equitable development.**

For growth to be responsible, it should go beyond numbers. It should do good to the society, create a better world. That's the kind of growth that Solar believes in, and constantly strives for. Our stated purpose is to "Make a Difference and adding Value". A firm has to work closely with its ecosystem to create a sustainable & inclusive growth for all.

**Information with reference to BRR framework:**

1. Does the company have specified programmes / initiatives/ projects in pursuit of the policy related to Principle 8? If yes details thereof.

It's our continuous endeavor to integrate sustainability considerations in all our business decisions. Solar's CSR initiatives can be grouped in.

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

1. Disaster Management
2. Health & Hygiene
3. Education
4. Environment Sustainability
5. Rural Development

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

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

Solar collaborates with Government bodies, NGOs and donating agencies to implement community initiatives in the thematic areas of Disaster Management, Health & Hygiene, education, environment, eradicating hunger and poverty and Animal Welfare.

3. Have you done any impact assessment of your initiative?

Yes, the Company has assessed at some of its previous year's initiatives.

4. What is your Company's direct contribution to community development projects Amount in INR and the details of the projects undertaken?

An amount of ₹ 4.80 Crores was spent towards various CSR projects during the Financial Year 2019-20 benefitting many people.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

Yes. Initiatives conducted under CSR are tracked to determine the outcomes achieved and benefits accrued to the Community. Internal tracking mechanisms, monthly reports and follow-up field visits, telephonic and email communications are regularly carried out.

**Principle 9 - Customer Value**

**Businesses should engage with and provide value to their customers in a responsible manner.**

It is the responsibility of the organisation to provide products that satisfactorily meet the customer requirements. Solar has a customer - centric approach.

**Information with reference to BRR framework:**

1. What percentage of customer complaints/ consumer cases is pending as on the end of Financial Year?

Company received 35 customer complaints during the year which were resolved as at the end of the Financial Year

2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/ No/ N.A. /Remarks (additional information)

Solar adheres to all compliance of product information and product labeling.

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of Financial Year? If so, provide details thereof, in about 50 words or so.

There are no cases filed by any Stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/ or anti-competitive behaviour. There is one case pending in Supreme Court on Bid rigging filed by the commission against the order of the Appellate commission. This pertains to the Case filed by Coal India Ltd on 10 manufacturers for bid rigging during the year 2010-11.

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

Customer Satisfaction feed back is important to Solar as it ensures that its overall reputation and brand promise is safeguarded in the geographies it operates in. The Company carries out consumer survey/ consumer satisfaction trends through a feedback system.

# Independent Auditors' Report

To the Members of **Solar Industries India Limited**

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

### Opinion

We have audited the accompanying standalone Ind AS financial statements of Solar Industries India Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss, including the Statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its profit including other comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

### Basis for Opinion

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

thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

### Emphasis of Matter

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

Our opinion is not modified in respect of this matter.

### Key Audit Matters

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

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

Key audit matters	How our audit addressed the key audit matter
<b>Revenue Recognition</b> (as described in note 2.2 (j) of the standalone Ind AS financial statements) Revenue from sale of goods is recognized as outlined in note 18 of the standalone Ind AS financial statements.  The Company estimate provision for powder factor on sales made to certain customers which is generally the percentage of blast output achieved at the time of blasting of the products at the customers' site. Powder factor is based on the agreement with customer, volume of output achieved at the site, which is measured at a later date. Accordingly, the provision is made based on the likely powder factor to be achieved on current sales which is reduced from the sales for the period.	Our audit procedures included and were not limited to the following: <ul style="list-style-type: none"> <li>Evaluated the Company's accounting policies pertaining to revenue recognition and assessed compliance with those policies in terms of Ind AS 115 (Revenue from contract with customers).</li> <li>Assessed and tested the design and operating effectiveness of the Company's internal financial controls over the estimation of powder factor provision. We obtained an understanding of the key controls management has in place to monitor the powder factor provision.</li> </ul>



Key audit matters	How our audit addressed the key audit matter
<p>As at March 31, 2020, the Company is carrying a powder factor provision of ₹ 11.37 crore.</p> <p>This is a key audit matter as significant estimate is involved to establish the percentage of blast output achieved, the settlement of which happens in future as per the terms of contract and mutual agreement.</p>	<ul style="list-style-type: none"> <li>• Read the agreement with customers for validating terms relating to powder factor.</li> <li>• Assessed the key management assumptions/ judgement relating to various parameters for measuring / estimating the amount of such powder factor provisions.</li> <li>• We tested on sample basis, the accuracy of the underlying data used for computation of powder factor provisions and verified the arithmetical accuracy of powder factor provision.</li> <li>• Evaluated the historical trend against the actual powder factor deduction.</li> <li>• Assessed and reviewed the disclosures made by the Company in the standalone Ind AS financial statements.</li> </ul>
<p><b>Carrying value of trade receivables</b> (as described in note 2.2 i (4) of the standalone Ind AS financial statements)</p> <p>As at March 31, 2020, trade receivables constitutes approximately 15% of total assets of the Company. The Company is required to regularly assess the recoverability of its trade receivables. The Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on trade receivables. The Company uses a provision matrix to determine impairment loss allowance. The provision matrix is based on its historically observed default rates over the expected life of trade receivables and is adjusted for forward looking estimates which is also outlined in note 2.2 i (4) of the standalone Ind AS financial statements.</p> <p>This is a key audit matter as significant judgement is involved to establish the provision matrix.</p> <p>The trade receivables balance, credit terms and aging as well as the Company's policy on impairment of receivables have been disclosed in note 7 to the standalone Ind AS financial statements.</p>	<p>Our audit procedures included and were not limited to the following:</p> <ul style="list-style-type: none"> <li>• Evaluated the Company's accounting policies pertaining to impairment of financial assets and assessed compliance with those policies in terms of Ind AS 109 (Financial Instruments).</li> <li>• Assessed and tested the design and operating effectiveness of the Company's internal financial controls over provision for expected credit loss.</li> <li>• Evaluated management's assumption and judgment relating to various parameters which includes the historical default rates and business environment in which the entity operates for estimating the amount of such provision.</li> <li>• Evaluated management's assessment of recoverability of the outstanding receivables and recoverability of the overdue / aged receivables through inquiry with management, and analysis of collection trends in respect of receivables.</li> <li>• Assessed and reviewed the disclosures made by the Company in the standalone Ind AS financial statements.</li> </ul>
<p><b>Receivables under Package Scheme of Incentives 2007 (PSI)</b></p> <p>The Company was eligible to claim benefits under Package Scheme of Incentives 2007, for the sales tax paid by eligible industrial unit as per Maharashtra Value Added Tax, 2002. From July 1, 2017, post the implementation of Goods and Service Tax (GST), The Industry, Energy and Labour Department, Government of Maharashtra (Department), issued a notification dated June 12, 2018, which clarified that Units can continue to claim benefit under PSI Scheme by claiming 100% of State GST (SGST) paid by eligible industrial unit. Accordingly, the Company is accruing incentive @100% of SGST paid by the Company in Maharashtra.</p> <p>Total outstanding receivable of PSI incentive relating to above as at March 31, 2020 is ₹ 86.04 crore.</p> <p>This is a key audit matter as significant judgement is involved to establish the recoverability and the timing of receipt of the above amounts.</p>	<p>Our audit procedures included and were not limited to the following:</p> <ul style="list-style-type: none"> <li>• Read the PSI scheme and evaluated the eligibility of the Company to claim incentives.</li> <li>• Read the notification issued by The Industry, Energy and Labour Department, Government of Maharashtra relating to continuation of benefits on SGST paid by eligible Units and evaluated its impact on Company's eligibility of PSI incentive.</li> <li>• Evaluated the historical trend of receiving amounts under PSI Scheme as against the claims filed.</li> <li>• Read the correspondences with the government department relating to incentive claims filed by the Company.</li> <li>• Evaluated management's assessment of the recoverability of the outstanding receivables and recoverability of the overdue / aged receivables and timing of the receipt through inquiry with management, and analysis of collection trends in respect of receivables.</li> </ul>

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

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

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

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

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to

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

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding

independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
  - (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act. Further, as more fully

described in Note 29D of the standalone Ind AS financial statements, one of the director, Mr. Kailash Chandra Nuwal, has vacated the office of director with effect from November 7, 2019 due to violation of certain provisions of the Act;

- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- (g) In our opinion, the managerial remuneration for the year ended March 31, 2020 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- (h) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 28 to the standalone Ind AS financial statements;
  - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 25 to the standalone Ind AS financial statements;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company

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

per **Akshay Rathi**  
Proprietor  
Membership No.: 161910  
UDIN: 20161910AAAABK1125

**Place:** Nagpur  
**Date:** July 31, 2020

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

per **Pramod Kumar Bapna**  
Partner  
Membership No.: 105497  
UDIN: 20105497AAAACC6624

**Place:** Mumbai  
**Date:** July 31, 2020

# Annexure 1 to the Independent Auditor's Report of even date on the Standalone ind as Financial Statements of Solar Industries India Limited

(Referred to in paragraph 1, under 'Report on Other Legal and Regulatory Requirements' section of our Report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
- (b) All property, plant and equipment have not been physically verified by the management during the year but there is a regular programme of verification, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to information and explanations given by the management, the title deeds / lease deeds of immovable properties included in property, plant and equipment are held in the name of the Company except for freehold land of ₹ 15.22 crore which is in the process of getting transferred in the name of the Company.
- (ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
- (iii) (a) The Company has granted loans to four companies covered in the register maintained under section 189 of the Act. In our opinion and according to the information and explanations given to us, the terms and conditions of the grant of such loans are not prejudicial to the Company's interest.
- (b) The Company has granted loans that are re-payable on demand, to companies covered in the register maintained under section 189 of the Act. We are informed that the Company has not demanded repayment of any such loan during the year, and thus, there has been no default on the part of the parties to whom the money has been lent. The payment of interest has been regular.
- (c) There are no amounts of loans granted to companies, firms or other parties listed in the register maintained under section 189 of the Act which are overdue for more than ninety days.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not advanced loans to directors / to a company in which the Director is interested to which provisions of section 185 of the Act apply and hence not commented upon. The Company has made investments / given loans / guarantees which are in compliance to the provision of Section 186 of the Act.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Act, related to the manufacture of industrial explosives and explosive initiating devices, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, duty of custom, value added tax, goods and service tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, duty of custom, value added tax, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

- (c) According to the records of the Company, the dues of income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess and provident fund on account of any dispute, are as follows:

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

- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution or bank. The Company does not have any loans or borrowings from any government or debenture holders during the year.
- (ix) According to the information and explanations given by the management, the Company has not raised any money way of initial public offer / further public offer / debt instruments, but has raised money by way of term loans which was applied for the purpose for which it was raised.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards, except for transaction with AG Technologies Private Limited relating to rent (amount involved - Rs. 0.32 crore) - Refer Note 29D of the standalone Ind AS financial statements.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of the Act.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

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

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

per **Akshay Rath**  
Proprietor  
Membership No.: 161910  
UDIN: 20161910AAAABK1125

per **Pramod Kumar Bapna**  
Partner  
Membership No.: 105497  
UDIN: 20105497AAAACC6624

**Place:** Nagpur  
**Date:** July 31, 2020

**Place:** Mumbai  
**Date:** July 31, 2020

# Annexure 2 to the Independent Auditors' Report of even date on the Standalone Ind AS Financial Statements of Solar Industries India Limited

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

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

## Management's Responsibility for Internal Financial Controls

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

## Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these standalone Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these standalone Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to these standalone Ind AS financial statements and their operating effectiveness. Our audit of internal

financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these standalone Ind AS financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these standalone Ind AS financial statements.

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

A company's internal financial control over financial reporting with reference to these standalone Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these standalone Ind AS financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Standalone Ind AS Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these standalone Ind AS financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls



over financial reporting with reference to these standalone Ind AS financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these standalone Ind AS financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these standalone Ind AS financial statements and such internal financial controls over financial reporting with reference to these standalone Ind AS financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance

Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Akshay Rathi & Associates**

Chartered Accountants

ICAI Firm Reg.

number : 139703W

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

Chartered Accountants

ICAI Firm Reg.

number:324982E/E300003

per **Akshay Rathi**

Proprietor

Membership No.: 161910

UDIN: 20161910AAAAABK1125

**Place:** Nagpur

**Date:** July 31, 2020

per **Pramod Kumar Bapna**

Partner

Membership No.: 105497

UDIN: 20105497AAAACC6624

**Place:** Mumbai

**Date:** July 31, 2020

# Explosion of Opportunities

## FINANCIAL STATEMENTS

### Balance Sheet as at 31 March, 2020

(All amounts in ₹ Crores, unless otherwise stated)

	Notes	As at March 31, 2020	As at March 31, 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, Plant and Equipment	3A	539.68	468.12
Capital work in progress	3A	30.43	72.98
Intangible assets	3B	3.69	2.10
Intangible assets under development	3B	1.91	0.90
Right-of-use assets	3D	1.43	0.13
Financial assets			
Investments	4	129.85	62.10
Loans	5	122.36	175.48
Other financial assets	6	16.68	7.73
Current tax assets (net)		13.28	6.11
Other non-current assets	9	28.00	9.60
<b>Total non-current assets</b>		<b>887.31</b>	<b>805.25</b>
<b>Current assets</b>			
Inventories	10	100.28	93.57
Financial assets			
Investments	4	0.02	30.08
Trade receivables	7	205.96	185.49
Cash and cash equivalents	8	62.86	19.94
Bank balances other than cash and cash equivalents	8	2.12	7.37
Loans	5	25.64	38.32
Other financial assets	6	75.63	80.38
Other current assets	9	24.64	31.28
<b>Total current assets</b>		<b>497.15</b>	<b>486.43</b>
Non-current assets classified as held for sale	3C	-	0.53
<b>Total assets</b>		<b>1,384.46</b>	<b>1,292.21</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	11	18.10	18.10
Other equity	11A	1,003.28	866.95
<b>Total equity</b>		<b>1,021.38</b>	<b>885.05</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Financial Liabilities			
Borrowings	12	63.45	36.89
Other financial liabilities	3D	0.35	-
Deferred tax liabilities (net)	14	72.24	91.00
<b>Total non-current liabilities</b>		<b>136.04</b>	<b>127.89</b>
<b>Current liabilities</b>			
Financial liabilities			
Borrowings	13	38.74	45.22
Trade payables	15		
a) total outstanding dues to micro enterprises and small enterprises		4.30	3.24
b) total outstanding dues to creditors other than micro enterprises and small enterprises		102.03	83.03
Other financial liabilities	16	63.34	127.95
Current tax liabilities (net)		-	1.82
Other current liabilities	17	15.18	14.55
Provisions	17A	3.45	3.46
<b>Total current liabilities</b>		<b>227.04</b>	<b>279.27</b>
<b>Total liabilities</b>		<b>363.08</b>	<b>407.16</b>
<b>Total equity and liabilities</b>		<b>1,384.46</b>	<b>1,292.21</b>
Summary of significant accounting policies	2.2 and 2.3		

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

As per our report of even date attached

For **Akshay Rathi & Associates**

Chartered Accountants

ICAI Firm Registration

Number:139703W

per **Akshay Rathi**

Proprietor

Membership No.- 161910

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

Chartered Accountants

ICAI Firm Registration

Number: 324982E/E300003

per **Pramod Kumar Bapna**

Partner

Membership No.- 105497

For and on behalf of the Board of Directors of

**Solar Industries India Limited**

**S.N. Nuwal**

Chairman &

Executive Director

DIN: 00713547

**Manish Nuwal**

Managing Director &

CEO

DIN: 00164388

**Khushboo Pasari**

Company Secretary

Membership No.- F7347

**Place :** Nagpur

**Date :** July 31, 2020

**Nilesh Panpaliya**

Chief Financial Officer

**Place :** Nagpur

**Date :** July 31, 2020

**Place :** Mumbai

**Date :** July 31, 2020

# Standalone Statement of Profit and Loss

(All amounts in ₹ Crores, unless otherwise stated)

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

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

As per our report of even date attached

For **Akshay Rath & Associates**

Chartered Accountants

ICAI Firm Registration

Number:139703W

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

Chartered Accountants

ICAI Firm Registration

Number: 324982E/E300003

For and on behalf of the Board of Directors of

**Solar Industries India Limited**

per **Akshay Rath**

Proprietor

Membership No.- 161910

per **Pramod Kumar Bapna**

Partner

Membership No.- 105497

**S.N. Nuwal**

Chairman &

Executive Director

DIN: 00713547

**Manish Nuwal**

Managing Director &

CEO

DIN: 00164388

**Khushboo Pasari**

Company Secretary

Membership No.- F7347

**Place :** Nagpur

**Date :** July 31, 2020

**Nilesh Panpaliya**

Chief Financial Officer

**Place :** Nagpur

**Date :** July 31, 2020

**Place :** Mumbai

**Date :** July 31, 2020

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

(All amounts in ₹ Crores, unless otherwise stated)

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

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

(All amounts in ₹ Crores, unless otherwise stated)

## Changes in liabilities arising from financing activities

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

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

Summary of significant accounting policies (refer note 2.2 and 2.3)

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

As per our report of even date attached

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

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

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

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

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

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

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

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

**Nilesh Panpaliya**  
Chief Financial Officer

**Place** : Nagpur  
**Date** : July 31, 2020

**Place** : Mumbai  
**Date** : July 31, 2020

**Place** : Nagpur  
**Date** : July 31, 2020

### Standalone Statement of Changes in Equity for the year ended 31 March, 2020

(All amounts in ₹ Crores, unless otherwise stated)

#### A. Equity share capital

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

#### B. Other equity

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

As per our report of even date attached

For **Akshay Rathi & Associates**

Chartered Accountants

ICAI Firm Registration

Number:139703W

per **Akshay Rathi**

Proprietor

Membership No.- 161910

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

Chartered Accountants

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per **Pramod Kumar Bapna**

Partner

Membership No.- 105497

For and on behalf of the Board of Directors of

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**Manish Nuwal**

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CEO

DIN: 00164388

**Khushboo Pasari**

Company Secretary

Membership No.- F7347

**Place :** Nagpur

**Date :** July 31, 2020

**Nilesh Panpaliya**

Chief Financial Officer

**Place :** Nagpur

**Date :** July 31, 2020

**Place :** Mumbai

**Date :** July 31, 2020



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

(All amounts in ₹ Crores, unless otherwise stated)

## Note 1. Corporate Information

Solar Industries India Limited ('the Company') is a company domiciled in India and has its registered office at Solar House 14, Kachimet, Amravati Road, Nagpur – 440023 (Maharashtra). The Company has been incorporated under the provisions of Indian Companies Act and its equity shares are listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) in India. The Company is primarily involved in manufacturing of complete range of industrial explosives and explosive initiating devices. It manufactures various types of packaged emulsion explosives, bulk explosives and explosive initiating systems.

## Note 2. Basis of preparation and Significant accounting policies

### 2.1 Basis of preparation

The financial statements of the Company have been prepared on an accrual basis and under the historical cost convention except for certain financial instruments (including derivative instruments) and defined benefit plans which have been measured at fair value. The accounting policies are consistently applied by the Company to all the period mentioned in the financial statements.

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

#### Current and non-current classification

The Company presents assets and liabilities in the balance sheet based on current / non-current classification.

An asset is treated as current when it is:

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

All other assets are classified as non-current.

A liability is treated as current when it is:

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

All other liabilities are classified as non-current.

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

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

### 2.2 Summary of significant accounting policies

#### a. Use of estimates

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

#### b. Property, Plant and Equipment

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

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

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

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

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

(All amounts in ₹ Crores, unless otherwise stated)

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

### c. Intangible assets

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

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

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

### d. Depreciation and amortization

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

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

### Research and development

Expenditures on research activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding are recognized in the statement of profit and loss when incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditures are capitalized only if development costs can be measured reliably; the product or process is technically and commercially feasible; future economic benefits are probable; and the Company intends to and has sufficient resources to complete development and to use or sell the asset.

Expenditure on research and development eligible for capitalization are carried as Intangible assets under development where such assets are not yet ready for their intended use.

The expenditures to be capitalized include the cost of materials and other costs directly attributable to preparing the asset for its intended use. Other development expenditures are recognized as expense in the statement of profit and loss as incurred.

The estimated useful life for Product related intangibles is 5 years once the development is complete.

Intangible assets relating to products in development are subject to impairment testing at each reporting date. All other intangible assets are tested for impairment when there are indications that the carrying value may not be recoverable. All impairment losses are recognized immediately in the statement of profit and loss.

The amortization period and the amortization method for intangible assets with a finite useful life are reviewed at each reporting date.

# Notes to Standalone Financial Statements

(All amounts in ₹ Crores, unless otherwise stated)

for the year ended 31 March, 2020

Assets	Company's estimate of useful life (in years)	Useful life as prescribed under Schedule II to the Companies Act, 2013 (in years)
Electrical installations and Lab equipment	10	10
Bulk Deliver System (BDS)	12	8
Furniture and Fixtures	8 to 10	10
Vehicles (including Pump Trucks)	8 to 12	8 to 10
Office equipment and Computers	3 to 6	3 to 6

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

The Company, based on technical assessment made by technical expert and management estimate, depreciates certain items of property, plant and equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used. Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

## e. Impairment of Property, Plant and Equipment, Intangible assets and Right-of-use assets

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

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation

model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

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

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

For assets, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited

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

(All amounts in ₹ Crores, unless otherwise stated)

so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

#### f. Borrowing costs

Borrowing costs that are directly attributable to acquisition, construction or production of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. All other borrowing costs are recognised as an expense in the period in which they are incurred. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

#### g. Leases

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

##### Company as a Lessee:

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

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

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

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

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

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

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

##### ii. Lease Liabilities:

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

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

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

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

##### h. Investments in subsidiaries and associates

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

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

(All amounts in ₹ Crores, unless otherwise stated)

## i. Financial instruments

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

### 1. Financial assets

#### Classification

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

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

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

#### Measurement

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

#### A. Debt instruments

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

##### A.1 Amortized cost:

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

##### A.2 Fair value through profit and loss:

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

## B. Equity instruments

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

## C. De-recognition

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

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

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

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

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

(All amounts in ₹ Crores, unless otherwise stated)

#### 2. Financial liabilities

##### Classification

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

- those to be measured subsequently at fair value through the statement of profit and loss, and
- those measured at amortized cost

##### Measurement

##### A. Financial liabilities at amortized cost

Financial liabilities at amortized cost represented by borrowings, trade and other payables are initially recognized at fair value, and subsequently carried at amortized cost.

##### B. Financial liabilities at fair value through profit and loss

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

##### C. Financial guarantee contracts

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

#### 3. Derivative financial instruments and hedge accounting

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

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

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

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

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

#### 4. Impairment of financial assets

The Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on financial assets. The Company measures the ECL associated with its assets based on historical trend, industry practices and the business environment in which the entity operates or any other appropriate basis. The impairment



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

(All amounts in ₹ Crores, unless otherwise stated)

methodology applied depends on whether there has been a significant increase in credit risk.

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

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

## j. Revenue Recognition

### Revenue from Contract with Customer

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

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

#### a. Sale of products:

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

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

In determining the transaction price for the sale of goods or rendering of services, the Company

considers the effects of variable consideration and provisional pricing, considering contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

#### 1. Variable consideration

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

#### • Volume rebates and discounts

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

#### • Powder Factor

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

# Notes to Standalone Financial Statements

(All amounts in ₹ Crores, unless otherwise stated)

for the year ended 31 March, 2020

## 2. Significant financing component

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

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

### b. Sale of projects:

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

### c. Interest Income:

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

### d. Dividend:

Revenue is recognised when the Company's right to receive the dividend is established by the reporting date. Dividend income is included under the head 'Other income' in the statement of profit and loss.

### Contract balances

#### Contract assets

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

#### Trade receivables

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

#### Contract liabilities

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

## k. Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. Government grant received in the form of State Government GST/Sales Tax subsidy/Reimbursement of Provident Fund has been considered as revenue grant and the same has been recognized in the statement of profit and loss under the head 'Other operating revenues'.

## l. Foreign currencies Transactions and Translation

### (i) Functional and presentation currency

The financial statements are presented in Indian rupee (₹), which is also its functional currency.

### (ii) Transactions and balances

Transactions in foreign currencies are recognized at the prevailing exchange rates on the transaction dates. Realised gains and losses on settlement of foreign currency transactions are recognized in statement of profit and loss except for exchange differences on foreign currency borrowings relating to assets under construction for productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

Monetary foreign currency assets and liabilities at the year-end are translated at the year-end

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

(All amounts in ₹ Crores, unless otherwise stated)

exchange rates and the resultant exchange differences are recognized in the statement of profit and loss.

## m. Inventories

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

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- (i) **Raw materials:** cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.
- (ii) **Finished goods and work in progress:** cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs. Cost is determined on weighted average basis.
- (iii) **Traded goods:** cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

## n. Retirement and other employee benefits

### (i) Provident Fund

Provident fund is a defined contribution plan covering eligible employees. The Company and the eligible employees make a monthly contribution to the provident fund maintained by the Regional Provident Fund Commissioner equal to the specified percentage of the basic salary of the eligible employees as per the scheme. The contributions to the provident fund are charged to the statement of profit and loss for the year when the contributions are due. The Company has no obligation, other than the contribution payable to the provident fund.

### (ii) Gratuity

Gratuity is a defined benefit obligation plan operated by the Company for its employees covered under the Company Gratuity Scheme.

The cost of providing benefit under the gratuity plan is determined on the basis of actuarial valuation using the projected unit credit method at the reporting date. The scheme is funded with an insurance company in the form of qualifying insurance policy. Remeasurements, comprising of actuarial gains and losses are recognized in full in the statement of other comprehensive income in the reporting period in which they occur. Remeasurements are not reclassified to profit and loss subsequently.

### (iii) Leave encashment

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

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

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

## o. Tax Expenses

Tax expense comprises of current tax and deferred income tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred income taxes reflect the impact of temporary differences between tax base of assets and liabilities and their carrying amounts. Deferred tax is measured

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

(All amounts in ₹ Crores, unless otherwise stated)

based on the tax rates and the tax laws enacted or substantively enacted at the reporting date.

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

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

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

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

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

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

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

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

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

#### p. Segment reporting

##### (i) Identification of segment

Operating segments are reported in the manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Company.

##### (ii) Segment accounting policies

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

The Company prepares its segment information in conformity with accounting policies adopted for preparing and presenting the financial statements of the Company as a whole. In accordance with paragraph 4 of Ind AS 108- "Operating Segments" the Company has disclosed segment information only on basis of the consolidated financial statements which are presented together along with the standalone financial statements.

#### q. Earnings per share (EPS)

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

For the purpose of calculating diluted earnings per share, the net profit for the year attributable to the equity shareholders and the weighted average

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

(All amounts in ₹ Crores, unless otherwise stated)

number of equity shares outstanding during the year, are adjusted for the effects of all dilutive potential equity shares.

## r. Provisions

A provision is recognized when the Company has a present obligation as a result of past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are determined based on the best estimate required to settle the obligation at the reporting date. If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. These estimates are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

## s. Contingent liability

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

## t. Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

## u. Fair value measurement

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

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

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

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

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

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

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

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

## v. Non-current assets held for sale

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

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

(All amounts in ₹ Crores, unless otherwise stated)

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

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

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

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

#### w. Exceptional Items

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

#### x. Significant accounting estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and

the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

#### Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

#### Useful Lives of Property, Plant & Equipment

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

#### Impairment of non-financial assets

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

#### Defined benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that



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

(All amounts in ₹ Crores, unless otherwise stated)

may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

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

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

## Fair value measurement of financial instruments

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

## Recoverability of Trade Receivables

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

## Impairment of financial assets

The impairment provisions for financial assets depending on their classification are based on assumptions about risk of default, expected cash loss

rates, discounting rates applied to these forecasted future cash flows, recent transactions. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

## Powder factor deductions

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

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

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

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

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

Refer Note 37 of the Standalone Financial Statements.

## 2.3 Changes in accounting policies and disclosures

### New and amended standards

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

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

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

(All amounts in ₹ Crores, unless otherwise stated)

#### Ind AS 116 Leases

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

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

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

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

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

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

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

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

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

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

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

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

(All amounts in ₹ Crores, unless otherwise stated)

## Note 3A. Property, Plant and Equipment

	Freehold Land	Buildings	Furniture and Fixture	Plant and Machinery	Vehicles	Office Equipment and Computer	Total
<b>Year Ended March 31, 2019</b>							
<b>Gross carrying amount</b>							
Opening gross carrying amount as at April 1, 2018 <sup>1</sup>	43.46	171.45	4.06	236.04	16.01	4.08	475.10
Additions	21.24	13.23	4.73	25.02	8.95	5.12	78.29
Asset held for sale (refer note 3C)	(0.06)	-	-	-	-	-	(0.06)
Disposals*	-	(0.21)	(0.00)	(1.59)	(0.45)	(0.14)	(2.39)
<b>Closing Gross Carrying Amount as at March 31, 2019</b>	<b>64.64</b>	<b>184.47</b>	<b>8.79</b>	<b>259.47</b>	<b>24.51</b>	<b>9.06</b>	<b>550.94</b>
<b>Accumulated depreciation</b>							
Opening accumulated depreciation as at April 1, 2019	-	13.72	1.35	36.03	3.02	1.87	55.99
Depreciation charge for the year	-	6.26	0.50	18.42	2.21	1.19	28.58
Disposals*	-	(0.09)	(0.00)	(1.16)	(0.36)	(0.14)	(1.75)
<b>Closing Accumulated Depreciation as at March 31, 2019</b>	<b>-</b>	<b>19.89</b>	<b>1.85</b>	<b>53.29</b>	<b>4.87</b>	<b>2.92</b>	<b>82.82</b>
<b>Net Carrying Amount as at March 31, 2019</b>	<b>64.64</b>	<b>164.58</b>	<b>6.94</b>	<b>206.18</b>	<b>19.64</b>	<b>6.14</b>	<b>468.12</b>
<b>Year Ended March 31, 2020</b>							
<b>Gross carrying amount</b>							
Opening gross carrying amount as at April 1, 2019	64.64	184.47	8.79	259.47	24.51	9.06	550.94
Additions	17.33	31.47	1.42	51.42	1.32	1.85	104.81
Disposals	-	(0.21)	-	-	(0.04)	(0.02)	(0.27)
<b>Closing Gross Carrying Amount as at March 31, 2020</b>	<b>81.97</b>	<b>215.73</b>	<b>10.21</b>	<b>310.89</b>	<b>25.79</b>	<b>10.89</b>	<b>655.48</b>
<b>Accumulated Depreciation</b>							
Opening accumulated depreciation as at April 1, 2019	-	19.89	1.85	53.29	4.87	2.92	82.82
Depreciation charge for the year	-	7.11	0.88	20.86	2.75	1.60	33.20
Disposals*	-	(0.18)	-	-	(0.04)	(0.00)	(0.22)
<b>Closing Accumulated Depreciation as at March 31, 2020</b>	<b>-</b>	<b>26.82</b>	<b>2.73</b>	<b>74.15</b>	<b>7.58</b>	<b>4.52</b>	<b>115.80</b>
<b>Net Carrying Amount as at March 31, 2020</b>	<b>81.97</b>	<b>188.91</b>	<b>7.48</b>	<b>236.74</b>	<b>18.21</b>	<b>6.37</b>	<b>539.68</b>
<b>Capital Work-in-Progress as at March 31, 2020</b>							<b>30.43</b>
Capital Work-in-Progress as at March 31, 2019							72.98

\*Amount is less than ₹ 0.01

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

The above property, plant and equipments are subject to first pari passu charge on the non current loans from banks and second pari passu charge on the working capital loans, both present and future.

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

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

(All amounts in ₹ Crores, unless otherwise stated)

## Note 3B. Intangible assets

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

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

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

## Note 3C. Assets classified as held for sale

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

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

## Note 3D. Leases

### Company as Lessee

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

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

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

(All amounts in ₹ Crores, unless otherwise stated)

## Note 3D. Leases (Contd..)

### A. Right-of-use assets

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

	Office Buildings	Leasehold land	Amount
<b>As at April 1, 2019</b>	<b>0.63</b>	<b>1.04</b>	<b>1.67</b>
Additions	-	-	-
Depreciation	(0.20)	(0.04)	(0.24)
<b>As at March 31, 2020</b>	<b>0.43</b>	<b>1.00</b>	<b>1.43</b>

### B. Lease Liabilities-Other financial liabilities

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

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

The maturity analysis of lease liabilities are disclosed in Note 32

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

The following are the amounts recognised in profit or loss:

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

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

## Note 4. Investments

### Non-current investments

	Face value	Number of Shares/Units		Amount	
		March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
<b>Unquoted</b>					
<b>Investment carried at Cost</b>					
<b>Investment in Equity instruments in :</b>					
<b>Wholly owned subsidiaries (fully paid up)</b>					
Economic Explosives Limited	₹ 10	48,00,000	48,00,000	14.50	14.50
Blastec India Private Limited	₹ 100	9,90,000	9,90,000	5.41	5.41
Emul Tek Private Limited	₹ 10	49,77,700	49,77,700	0.80	0.80
Solar Defence Limited	₹ 10	50,000	50,000	0.05	0.05
Solar Defence System Limited	₹ 10	50,000	50,000	0.05	0.05

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

(All amounts in ₹ Crores, unless otherwise stated)

## Note 4. Investments (Contd..)

### Non-current investments (Contd..)

	Face value	Number of Shares/Units		Amount	
		March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Solar Overseas Mauritius Limited	\$ 100	1,80,000	85,000	106.79	38.82
				<b>127.60</b>	<b>59.63</b>
<b>Investment carried at Cost</b>					
<b>Investment in Equity instruments of Associates :</b>					
SMS Bhatgaon Mines Extension Private Limited	₹ 10	4,90,000	4,90,000	0.49	0.49
Solar Bhatgaon Extension Mines Private Limited	₹ 10	4,90,000	4,90,000	0.49	0.49
Provision for impairment				(0.98)	(0.98)
				-	-
<b>Investment carried at Fair Value through Profit and Loss</b>					
<b>Investment in Equity instruments of Others</b>					
Ganga Care Hospital Limited	₹ 10	1,10,000	1,10,000	0.11	0.11
				<b>0.11</b>	<b>0.11</b>
<b>Investment in Venture Capital Fund (Unquoted)</b>					
Kotak India Growth Fund II	₹ 1,00,000	500	500	2.14	2.36
				<b>2.14</b>	<b>2.36</b>
<b>Aggregate amount of unquoted investments</b>					
Aggregate amount of impairment in value of investments				(0.98)	(0.98)

### Current investments

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

## Note 5. Loans

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



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

(All amounts in ₹ Crores, unless otherwise stated)

## Note 5. Loans (Contd..)

### Notes:

- Loans are non derivative financial assets which generate a fixed interest income for the Company. The carrying value may be affected by changes in the credit risk of the counterparties.
- No Loans receivable are due from directors or other officers of the Company either severally or jointly with any other person, nor any loans receivable are due from firms or private companies respectively in which any director is a partner, a director or a member, except for the balances disclosed in the notes below.

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

Particulars	March 31, 2020		March 31, 2019	
	Current	Non-current	Current	Non-current
Emul Tek Private Limited	2.88	-	2.91	-
	<b>2.88</b>	<b>-</b>	<b>2.91</b>	<b>-</b>

- Current loans to related parties pertain to funds advanced for working capital purposes. The said loans are repayable on demand and carry an interest at the rate of 9% per annum. Whereas non current loans to related parties pertain to funds advanced for business purpose. The said loans are repayable on demand but the management does not intend to recover the same in next year, these loans carries an interest at the rate of 9% per annum.
- Loans to others includes funds advanced to unrelated third parties wherein the said loans are either repayable on demand or as per the repayment schedule agreed within the contractual terms with such third party. The said loans carries an interest at the rate of 9% per annum.

## Note 6. Other financial assets

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

### Note:

Derivative instruments at fair value through profit or loss reflect the positive change in fair value of those foreign exchange option/forward contracts that are not designated in hedge relationship, but are, nevertheless, intended to reduce the level of foreign currency risk for foreign currency borrowing.

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

(All amounts in ₹ Crores, unless otherwise stated)

## Note 7. Trade receivables

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

### Break-up of security details

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

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

Trade receivables are non-interest bearing and are generally on terms of 30 to 120 days.

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

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

## Note 8. Cash and Bank balances

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

<sup>\*</sup>The Company can utilise this balance only towards settlement of unclaimed dividend.

<sup>#</sup>Amount remitted by subsidiary company credited in the bank account subsequently

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

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

(All amounts in ₹ Crores, unless otherwise stated)

## Note 9. Other assets

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

## Note 10. Inventories

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

## Note 11. Equity share capital

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

### (a) Movements in equity share capital

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

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

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

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

# Notes to Standalone Financial Statements

(All amounts in ₹ Crores, unless otherwise stated)

## Note 11. Equity share capital (Contd..)

### (c) Equity shares held by ultimate holding/ holding company and/ or their subsidiaries/ associates

The Company being ultimate holding company, there are no shares held by any other holding, ultimate holding company and their subsidiaries/ associates.

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

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

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents the legal ownership of shares.

## Note 11A. Other equity

### Securities premium

Particulars	
<b>As at April 1, 2018</b>	<b>149.13</b>
Movement for the year 2018-19	-
<b>As at March 31, 2019</b>	<b>149.13</b>
Movement for the year 2019-20	-
<b>As at March 31, 2020</b>	<b>149.13</b>

### Retained earnings

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

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

(All amounts in ₹ Crores, unless otherwise stated)

## Note 11A. Other equity (Contd..)

### Capital reserve

Particulars	
<b>As at April 1, 2018</b>	<b>4.29</b>
Movement for the year 2018-19	-
<b>As at March 31, 2019</b>	<b>4.29</b>
Movement for the year 2019-20	-
<b>As at March 31, 2020</b>	<b>4.29</b>

### General reserve

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

### Cash flow hedge reserve

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

### Total other equity

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

### Nature and purpose of reserves

#### 1. Securities premium

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

#### 2. Capital reserve

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

#### 3. General reserve

Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paid-up capital of the Company for that year, then the total dividend distribution is less than the

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

(All amounts in ₹ Crores, unless otherwise stated)

## Note 11A. Other equity (Contd..)

total distributable results for that year. Consequent to introduction of the Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. The amount transferred to the general reserve can be utilised only in accordance with the specific requirements of the Companies Act, 2013.

## 4. Cash flow hedge reserve

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

## 5. Retained Earnings

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

## 11B. Distribution made and proposed

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

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

## Note 12. Non-current Borrowings

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

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



# Notes to Standalone Financial Statements

for the year ended 31 March, 2020  
(All amounts in ₹ Crores, unless otherwise stated)

## Note 13. Current Borrowings

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

## Maturity profile of Non current Borrowing

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

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

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

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

## Maturity profile of Current Borrowing

	Maturity date	Terms of repayment	March 31, 2020	March 31, 2019
<b>Secured</b>				
Indian Rupee working capital loan from Bank	April 9, 2020	Single repayment at the end of the term	8.33	-
Indian Rupee working capital loan from Bank	April 9, 2020	Single repayment at the end of the term	5.00	-
Indian Rupee working capital loan from Bank	April 13, 2020	Single repayment at the end of the term	5.00	-
Cash Credits from Bank	On Demand	Single repayment at the end of the term	2.98	-

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

(All amounts in ₹ Crores, unless otherwise stated)

## Note 13. Current Borrowings (Contd..)

### Maturity profile of Current Borrowing (Contd..)

	Maturity date	Terms of repayment	March 31, 2020	March 31, 2019
Cash Credits from Bank	On Demand	Single repayment at the end of the term	2.43	-
Foreign currency working capital loan from Bank	October 23, 2019	Single repayment at the end of the term	-	14.18
Buyer's credit	May 14, 2019	Single repayment at the end of the term	-	15.86
Buyer's credit	July 19, 2019	Single repayment at the end of the term	-	15.18
<b>Unsecured</b>				
Indian Rupee working capital loan from Bank	April 17, 2020	Single repayment at the end of the term	15.00	-
			<b>38.74</b>	<b>45.22</b>

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

### Security

The above non current loans from banks are secured by first pari passu charge on the property, plant and equipments, both present and future, and second pari passu charge on the Company's current assets, both present and future. Working capital loans have first Pari Passu charge on the Company's entire current assets, both present and future, and second pari passu charge on the Company's entire property, plant and equipments, both present and future.

### Loan covenants

Bank loan contains certain debt covenants relating to debt-equity ratio, net borrowings to EBITDA ratio, interest coverage ratio, debt service coverage ratio (DSCR), gearing ratio & fixed asset coverage ratio. The Company has satisfied all debt covenants prescribed in the terms of bank loans.

The Company has not defaulted on any loans payable.

## Note 14. Tax expenses

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

### Statement of profit and loss:

#### Profit and loss section

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

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

(All amounts in ₹ Crores, unless otherwise stated)

## Note 14. Tax expenses (Contd..)

### OCI section

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

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

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

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

### Deferred tax

Deferred tax relates to the following :

### Balance sheet

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

### Statement of profit and loss

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

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

(All amounts in ₹ Crores, unless otherwise stated)

## Note 14. Tax expenses (Contd..)

Statement of profit and loss (Contd..)

Particulars	March 31, 2020	March 31, 2019
Revaluation of cash flow hedges	0.07	0.13
<b>Deferred tax expense/(income)</b>	<b>(18.55)</b>	<b>9.36</b>

Reconciliation of Deferred tax liabilities (net):

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

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

During the year ended March 31, 2020 and March 31, 2019, the Company has paid dividend to its shareholders. This has resulted in payment of DDT to the taxation authorities. The Company believes that DDT represents additional payment to taxation authority on behalf of the shareholders. Hence DDT paid is charged to equity.

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

## Note 15. Trade payables

Particulars	March 31, 2020	March 31, 2019
<b>Current</b>		
Trade payables		
a) total outstanding dues to micro enterprises and small enterprises (refer note 36 )	4.30	3.24
b) total outstanding dues to creditors other than micro enterprises & small enterprises	102.03	83.03
<b>Total Trade payables</b>	<b>106.33</b>	<b>86.27</b>

Break up of trade payables

Particulars	March 31, 2020	March 31, 2019
Trade Payables other than related parties	95.10	84.08
Trade payables to related parties (refer note 29C)	11.23	2.19
	<b>106.33</b>	<b>86.27</b>

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

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

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

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

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

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

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

(All amounts in ₹ Crores, unless otherwise stated)

## Note 16. Other current financial liabilities

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

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

Particulars	March 31, 2020	March 31, 2019
<b>Payables to related parties (refer note 29C)</b>		
Emul Tek Private Limited	0.36	-
	<b>0.36</b>	-

## Note 17. Other current liabilities

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

## Note 17A. Current Provisions

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

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

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

(All amounts in ₹ Crores, unless otherwise stated)

## Note 18. Revenue from operations

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

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

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

## Note 19. Other income

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

## Note 20. Cost of materials consumed

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

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

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



# Notes to Standalone Financial Statements

for the year ended 31 March, 2020

(All amounts in ₹ Crores, unless otherwise stated)

## Note 22. Employee benefit expense

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

## Note 23. Finance costs

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

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

## Note 24. Depreciation and amortization expense

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

## Note 25. Other expenses

Particulars	March 31, 2020	March 31, 2019
Consumption of stores and spares	8.15	10.16
<b>Repairs and maintenance :</b>		
Plant and machinery	4.80	5.58
Buildings	2.32	1.48
Others	6.54	5.76
Water and electricity charges	22.05	22.26
Rates and taxes	2.10	2.02
Legal and professional fees	8.22	6.52
Travelling and conveyance	6.63	7.00
Sales commission expenses	5.57	5.51
Freight and forwarding charges	34.87	36.99
Transportation charges	22.05	21.93
Pump truck expenses	8.62	8.83
Security service charges	8.52	7.96
Sales promotion expenses	6.81	1.13
Donations	2.12	1.85
Advertisement expenses	3.61	0.66
Advances written off	0.04	0.16
Directors' sitting fees	0.16	0.15

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

(All amounts in ₹ Crores, unless otherwise stated)

## Note 25. Other expenses (Contd..)

Particulars	March 31, 2020	March 31, 2019
Net loss on financial assets mandatorily measured at fair value through profit or loss	0.22	0.41
Fair value loss on derivatives	-	5.59
Bad debts written off	0.04	3.70
Impairment loss on financial assets	5.42	4.82
Corporate Social Responsibility expenditure (refer note 25(b))	4.80	4.05
Payments to auditors (refer note 25(a))	0.92	0.82
Testing Charges	10.37	4.49
Miscellaneous expenses (mainly includes printing, communication, postage, office expenses etc)	18.83	13.42
	<b>193.78</b>	<b>183.25</b>

## Note 25(a). Details of payments to auditors

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

## Note 25(b). CSR expenditure

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

## Note 26. Earnings per share (EPS)

Particulars	March 31, 2020	March 31, 2019
<b>Basic and Diluted EPS</b>		
Profit attributable to the equity holders of the Company for basic and diluted EPS:	213.40	191.47
Weighted average number of equity shares for basic and diluted EPS	9,04,90,055	9,04,90,055
Basic and Diluted EPS attributable to the equity holders of the company (₹)	<b>23.58</b>	<b>21.16</b>
Nominal value of shares (₹)	<b>2.00</b>	<b>2.00</b>

## Note 27. Employee Benefit obligations

### Post-employment obligations

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

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

The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age.

# Notes to Standalone Financial Statements

for the year ended 31 March, 2020  
(All amounts in ₹ Crores, unless otherwise stated)

## Note 27. Employee Benefit obligations (Contd..)

### Post-employment obligations (Contd..)

#### Gratuity and other post-employment benefit plan (Contd..)

Every employee who has completed at least 5 years of service gets a gratuity on departure @ 15 days (minimum) of the last drawn salary for each year of service. The fund has the form of a trust and it is governed by the Board of Trustees, which consists of an equal number of employer and employee representatives. The Board of Trustees is responsible for the administration of the plan assets and for the definition of the investment strategy. Under the gratuity plan, Company makes contribution to Solar Industries India Limited employee group gratuity assurance scheme (Post employment benefit plan of the Company) (refer note 29). The scheme is funded with an insurance company in the form of qualifying insurance policy.

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

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

#### Expense recognized in statement of Profit and Loss

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

#### Other Comprehensive Income

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

#### The amount recognized in Balance Sheet

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

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

#### Change in Present Value of Obligations

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

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

(All amounts in ₹ Crores, unless otherwise stated)

#### Note 27. Employee Benefit obligations (Contd..)

##### Change in Fair Value of Plan Assets

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

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

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

The significant actuarial assumptions were as follows :

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

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

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

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

#### Sensitivity Analysis

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

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

#### Notes :

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

# Notes to Standalone Financial Statements

for the year ended 31 March, 2020  
(All amounts in ₹ Crores, unless otherwise stated)

## Note 28. Commitments and contingencies

### Capital Commitments

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

### Contingent liabilities

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

#### Note a.

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

## Note 29. Related Party Information

	Principal place of business
<b>A Names of related parties and related party relationship :</b>	
<b>I Subsidiaries and associates</b>	
<b>Indian subsidiaries</b>	
1 Economic Explosives Limited	India
2 Blastec (India) Private Limited	India
3 Emul Tek Private Limited	India
4 Solar Defence Limited (Note - i)	India
5 Solar Defence Systems Limited (Note - i)	India
<b>Overseas subsidiary</b>	
1 Solar Overseas Mauritius Limited	Mauritius
<b>Overseas step down subsidiaries</b>	
1 Solar Mining Services Pty Limited, South Africa	South Africa
2 Nigachem Nigeria Limited	Nigeria
3 Solar Overseas Netherlands B.V.	Netherlands
4 Solar Explochem Zambia Limited	Zambia
5 Solar Patlayici Maddeler Sanayi Ve Ticaret Anonim Sirketi	Turkey
6 P.T. Solar Mining Services (Note - i)	Indonesia
7 Solar Explochem (Ghana) Limited (Note - iii)	Ghana
8 PATSAN Patlayici Maddeler Sanayi Ve Ticaret Anonim Sirketi (Note - ii)	Turkey
9 Solar Nitro Ghana Limited	Ghana
10 Solar Madencilik Hizmetleri A.S	Turkey
11 Solar Overseas Netherlands Cooperative U.A	Netherlands
12 Solar Overseas Singapore Pte Ltd	Singapore

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

(All amounts in ₹ Crores, unless otherwise stated)

## Note 29. Related Party Information (Contd..)

	Principal place of business
13 Solar Industries Africa Limited	Mauritius
14 Solar Nitro Zimbabwe (Private) Limited (Note - i)	Zimbabwe
15 Solar Nitro Chemicals Limited (Note - i)	Tanzania
16 Solar Mining Services Pty Ltd, Australia*	Australia
17 Solar Mining Services Cote d'Ivoire Limited SARL (Note -i and iv)	Ivory Coast
18 Laghe Venture Company Limited^	Tanzania
<b>Associates / Joint Ventures</b>	
1 Solar Bhatgaon Extension Mines Pvt. Limited (Note - v)	India
2 SMS Bhatgaon Mines Extension Pvt. Limited (Note - v)	India

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

Note - ii: The entity is under liquidation

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

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

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

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

\* Formerly known as Australian Explosives Technologies Group Pty Limited

## II Key Management Personnel (KMP)

Shri Satyanarayan Nuwal (Chairman and Executive Director)

Shri Kailashchandra Nuwal (Vice Chairman and Executive Director) (refer note 29D)

Shri Manish Nuwal (Managing Director and CEO)

Shri Suresh Menon (Executive Director)

Shri Anil Kumar Jain (Executive Director)

Shri Nilesh Panpaliya (Chief Financial Officer)

Smt Khushboo Pasari (Company Secretary and Compliance Officer)

## III Non Executive Directors#

Shri Anant Sagar Awasthi(Resigned w.e.f. March 31, 2020)

Shri Dilip Patel

Shri Ajai Nigam

Shri Amrendra Verma

Smt Madhu Vij

Shri Sunil Srivastav (Appointed as an Additional Director (Non-Executive Independent Director on the Board w.e.f 11.02.2020)

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

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

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

i Solar Synthetics Private Limited

ii Solar Enlightenment Foundation



# Notes to Standalone Financial Statements

for the year ended 31 March, 2020  
(All amounts in ₹ Crores, unless otherwise stated)

## Note 29. Related Party Information (Contd..)

iii AG Technologies Pvt. Ltd. (refer note 29D)

### V Other related parties

Solar Industries India Limited employee group gratuity assurance scheme

(Post employment benefit plan of the Company)

Refer note 27 for information on transactions with post employment benefit plan mentioned above

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

Mahakal Infrastructures Private Limited\*

Mahakal Project Private Limited\*

Nagpur Infrastructure Private Limited

Solar Processors (Bhilwara) Limited

Gulmohar Developers and Constructions Private Limited

Sun Developers and Constructions Private Limited

Sunbeam Developers and Constructions Private Limited

Sundrop Realtors Private Limited\*

Sunland Infracon Private Limited\*

Sunlight Infraventures Private Limited\*

Sundrop Developers and Ventures LLP

Commercial Sales Corporation

### VII Entities with Joint control

Astra Resources (Pty) Limited

\*The entities are under process of striking off.

## B. Transactions with related parties during the year

Nature of Transaction	March 31, 2020	March 31, 2019
<b>Sales of products and services</b>		
Economic Explosives Limited	106.61	82.27
Blastec (India) Private Limited	1.22	2.01
Nigachem Nigeria Limited	23.94	30.32
Solar Explochem Zambia Limited	10.42	8.46
Solar Patlayici Maddeler Sanayi Ve Ticaret Anonim Sirketi	25.19	45.20
Solar Mining Services (Pty) Ltd, South Africa	32.72	17.23
Solar Mining Services Pty Ltd (formerly known as Australian Explosive Technologies Group Pty Limited)	7.25	5.00
Solar Nitro Ghana Limited	0.44	-
Laghe Venture Company Ltd	3.26	-
<b>Total</b>	<b>211.05</b>	<b>190.49</b>
<b>Other operating income</b>		
Economic Explosives Limited- License	0.22	0.22
Nigachem Nigeria Limited (Technical consultancy)	0.94	0.99
<b>Other Income (Arrangement fees)</b>		
Solar Overseas Mauritius Ltd.	0.46	1.00
Solar Mining Services (Pty) Ltd, South Africa	1.26	0.11
Solar Patlayici Maddeler Sanayi Ve Ticaret Anonim Sirketi	0.16	0.17
<b>Cross Charges recovered</b>		
Economic Explosives Limited	0.14	0.17
Blastec (India) Private Limited	0.02	0.02

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

(All amounts in ₹ Crores, unless otherwise stated)

## Note 29. Related Party Information (Contd..)

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

Nature of Transaction	March 31, 2020	March 31, 2019
Nigachem Nigeria Limited	0.08	0.08
Solar Explochem Zambia Limited	0.05	0.06
Solar Patlayici Maddeler Sanayi Ve Ticaret Anonim Sirketi	0.13	0.16
Solar Mining Services (Pty) Ltd, South Africa	0.03	0.04
Solar Mining Services Pty Ltd, Australia*	0.00	0.00
Solar Madencilik Hizmetleri A.S.	0.02	-
<b>Total</b>	<b>3.51</b>	<b>3.02</b>
<b>Sale of fixed assets</b>		
Blastec (India) Private Limited	0.36	-
<b>Total</b>	<b>0.36</b>	<b>-</b>
<b>Purchase of raw material, components and fixed assets</b>		
Economic Explosives Limited	109.48	86.73
Blastec (India) Private Limited	0.01	-
Emul Tek Private Limited	0.46	-
Solar Patlayici Maddeler Sanayi Ve Ticaret Anonim Sirketi	-	0.01
Solar Mining Services (Pty) Ltd, South Africa	-	0.06
<b>Total</b>	<b>109.95</b>	<b>86.80</b>
<b>Balances written off</b>		
SMS Bhatgaon Mines Extension Private Limited	-	1.00
Solar Bhatgoan Extension Mines Private Limited	-	0.14
<b>Total</b>	<b>-</b>	<b>1.14</b>
<b>Donation made</b>		
Solar Enlightenment Foundation	-	0.62
<b>Total</b>	<b>-</b>	<b>0.62</b>
<b>Purchase of License</b>		
Economic Explosives Limited	1.14	1.24
<b>Total</b>	<b>1.14</b>	<b>1.24</b>
<b>Other Expenditure</b>		
Solar Synthetics Private Limited	0.15	0.19
Economic Explosives Limited	1.01	-
AG Technologies Pvt. Ltd. (Rent) (refer note 29D)	0.32	-
Solar Synthetics Private Limited (Rent)	0.07	0.06
Solar Mining Services (Pty) Ltd, South Africa	0.16	-
Solar Mining Services Pty Ltd (formerly known as Australian Explosive Technologies Group Pty Limited)	-	0.34
<b>Total</b>	<b>1.71</b>	<b>0.59</b>

Nature of Transaction	March 31, 2020	March 31, 2019
<b>Investment</b>		
Solar Overseas Mauritius Ltd.^	67.96	-
Blastec (India) Private Limited	-	4.91
<b>Total</b>	<b>67.96</b>	<b>4.91</b>
<b>Loans given/ (repaid) during the year</b>		
<b>Given</b>		
Economic Explosives Limited Given	589.34	398.38
Blastec (India) Private Limited Given	40.53	60.19
Solar Overseas Mauritius Ltd. Given	94.28	78.03
Emul Tek Private Limited Given	0.57	0.81
<b>Total</b>	<b>724.72</b>	<b>537.41</b>

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

(All amounts in ₹ Crores, unless otherwise stated)

## Note 29. Related Party Information (Contd..)

### B. Transactions with related parties during the year (Contd..)

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

#### Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. Assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

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

\*\*This aforesaid amount does not includes amount in respect of gratuity and leave since the actuarial valuation has been taken for the Company as a whole and individual amounts are not determinable.

^Conversion of loan into investment

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

(All amounts in ₹ Crores, unless otherwise stated)

#### Note 29. Related Party Information (Contd..)

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

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

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

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

(All amounts in ₹ Crores, unless otherwise stated)

## Note 29. Related Party Information (Contd..)

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

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

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

## Note 30. Segment Information

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

In accordance with paragraph 4 of Ind AS 108 "Operating Segments" the Company has presented segment, information only in the Consolidated financial statements.

## Note 31. Fair value measurements

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

The Company has established the following fair value hierarchy that categorises the values into 3 levels. The inputs to valuation techniques used to measure fair value of financial instruments are:

Level 1: This hierarchy uses quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on Company specific estimates.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

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

1. The Company has not disclosed the fair values of financial instruments such as cash and cash equivalents, bank balances, other than cash and cash equivalents, trade receivables, other financial assets (except derivatives), trade payables and other financial liabilities (except derivatives) because their carrying amounts are a reasonable approximation of fair value. Further, for financial assets, the Company has taken into consideration the allowances for expected credit losses and adjusted the carrying values where applicable.
2. The fair values of the quoted investments/ units of mutual fund schemes are based on market price/ net asset value at the reporting date.
3. The Company holds derivative financial instruments to mitigate the risk of changes in exchange rates on foreign currency exposures and changes in interest rates. The counterparty for these contracts is generally a bank or a financial institution. These derivative financial instruments are valued based on inputs that are directly or indirectly observable in the marketplace. The valuation techniques used to value these derivatives include forward pricing, Option contracts and swap models, using present value calculations. These derivatives are marked to market as on the valuation date. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognised at fair value.
4. The fair values for loans given are calculated based on discounted cash flows using current lending rates and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken to account for expected losses of these receivables. Accordingly, fair value of such instruments are not materially different from their carrying values. They are classified as level 2 fair values in the fair value hierarchy.

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

(All amounts in ₹ Crores, unless otherwise stated)

## Note 31. Fair value measurements (Contd..)

5. Fair values of the Company's interest-bearing borrowings are determined by using discounted cash flow method using the current borrowing rates. Fair value of such instruments are not materially different from their carrying values, accordingly non-current borrowings are classified as level 2 fair values in the fair value hierarchy. The own non-performance risk as at March 31, 2020 was assessed to be insignificant.

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

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

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



# Notes to Standalone Financial Statements

for the year ended 31 March, 2020

(All amounts in ₹ Crores, unless otherwise stated)

## Note 31. Fair value measurements (Contd..)

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

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

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

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

(All amounts in ₹ Crores, unless otherwise stated)

## Note 32. Financial risk management objectives and policies

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables, and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations. The Company also holds FVTPL investments and enters into derivative transactions. It has an integrated financial risk management system which proactively identifies monitors and takes precautionary and mitigation measures in respect of various identified risks.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks, which evaluates and exercises independent control over the entire process of financial risks. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

Risk	Exposure arising from	Measurement	Management
Market Risk- Interest rate risk	Borrowings Term Loan	Sensitivity Analysis	Interest Rate Swaps
Market Risk-Foreign Exchange	Recognized financial assets and liabilities not denominated in INR	Cash Flow Analysis Sensitivity Analysis	Foreign-exchange options contracts/forward
Market Risk- Equity price risk	Investment in Equity Securities mutual funds and venture capital fund	Sensitivity Analysis	Portfolio Diversification
Credit Risk	Cash and Cash equivalents, loans given, trade receivables and investments	Ageing Analysis Credit Analysis	Diversification of credit limits and letters of credit and Bank guarantee
Liquidity Risk	Borrowing, trade payables and other financial liabilities	Cash Flow forecasts	Availability of credit limits and borrowing facilities

### Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings, deposits, FVTPL investments and derivative financial instruments. Market risk is attributable to all market risk sensitive financial instruments. The finance department undertakes management of cash resources, hedging strategies for foreign currency exposures, borrowing mechanism and ensuring compliance with market risk limits.

### Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The Company is not very significantly exposed to interest rate risks except the variations in LIBOR rates as most of borrowings are linked to LIBOR.

To manage this, the Company enters into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount.

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

\*Amount is less than USD 0.01 for both period

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

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

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

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

(All amounts in ₹ Crores, unless otherwise stated)

## Note 32. Financial risk management objectives and policies (Contd..)

### Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities and the Company's net investments in foreign subsidiaries.

When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

The Company hedges its exposure to fluctuations on the translation into INR of its foreign operations by holding net borrowings in foreign currencies and by using foreign currency swaps."

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

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

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

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

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

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

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

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

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

### Equity price risk

The Company's listed and non-listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of Directors reviews and approves all equity investment decisions.

# Notes to Standalone Financial Statements

(All amounts in ₹ Crores, unless otherwise stated)

## Note 32. Financial risk management objectives and policies (Contd..)

Following are the details of investments which are subject to price risk:

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

The impact of increases/ decreases of the BSE/ NSE index on the Company's equity shares and mutual funds and gain/ loss for the year would be ₹ 0.00\* (March 31, 2019: ₹ 0.30) (Pre-tax). The analysis is based on the assumption that the index has increased by 1% or decreased by 1% with all other variables held constant, and that all the Company's investments having price risk moved in line with the index.

\*Amount is less than ₹ 0.01

### Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Company only deals with parties which has good credit rating/ worthiness given by external rating agencies or based on Company's internal assessment.

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

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

**Investments:** The Company limits its exposure to credit risk by generally investing in liquid securities and counterparties that have a good credit ratings. The Company does not expect any credit losses from non-performance by these counter parties, and does not have any significant concentration of exposures to specific industry sectors.

**Loans:** The Company has given loans to subsidiaries. However there is no counter party risk. (refer note 5)

### Trade and other receivables:

The Company measures the expected credit loss of trade receivables and loans from individual customers based on historical trend, industry practices and the business environment in which the entity operates. Loss rates are based on actual credit loss experience and past trends.

The ageing analysis of the receivables (gross of provisions) has been considered from the date the invoice falls due:

Period	Upto 60 days	61 to 120 days	More than 120 days	Total
As at March 31, 2020	133.75	30.38	55.28	219.41
As at March 31, 2019	133.36	23.09	37.07	193.52

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

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

No significant changes in estimation techniques or assumptions were made during the reporting period.

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

(All amounts in ₹ Crores, unless otherwise stated)

## Note 32. Financial risk management objectives and policies (Contd..)

### Liquidity risk

Liquidity risk is the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. The Company's finance department is responsible for liquidity, funding as well as settlement management and then processes related to such risks are overseen by senior management through rolling forecasts on the basis of expected cash flows.

### Maturity profile of financial liabilities

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
<b>March 31, 2020</b>					
Borrowings					
From Banks (net of interest accrued but not due)	5.41	40.06	20.18	63.45	129.10
Trade payables	-	97.34	8.99	-	106.33
Other financial liabilities (excluding derivatives and lease liabilities)	0.05	14.50	21.13	-	35.68
Lease liabilities (Gross)			0.17	0.44	0.61
Derivative Instruments	-	-	-	0.62	0.62
<b>March 31, 2019</b>					
Borrowings					
From Banks (net of interest accrued but not due)	-	21.80	112.62	36.89	171.31
Trade payables	-	86.27	-	-	86.27
Other financial liabilities (excluding derivatives)	0.06	12.28	21.49	-	33.83
Derivative Instruments	-	0.89	4.03	-	4.92

## Note 33. Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, securities premium and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximise the shareholder value. The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing loans and borrowings, less cash and cash equivalents and bank balances.

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

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

(All amounts in ₹ Crores, unless otherwise stated)

## Note 33. Capital management (Contd..)

Calculation of net debt is as follows :

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

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current year.

No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2020.

## Note 34. Research & Development Expenditure:

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

- Capital Expenditure incurred on R&D is included in property, plant and equipment and depreciation is provided on the same at the respective applicable rates.
- Revenue expenditure incurred on R&D has been included in the respective account heads in the Statement of Profit and Loss.

## Note 35. Revenue from operations

### a. Principal revenue generation activity

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

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

### b. Disaggregated Revenue information

The Company's disaggregate revenue by geographical location.

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



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

(All amounts in ₹ Crores, unless otherwise stated)

## Note 35. Revenue from operations (Contd..)

### c. Contract balances

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

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

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

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

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

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

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

## Note 36. Details of dues to micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006:

	March 31, 2020	March 31, 2019
Principal amount outstanding (whether due or not) to micro and small enterprises	4.30	3.24
Interest due thereon	-	-
The amount of interest paid by the Company in terms of Section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006	-	-

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

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

(All amounts in ₹ Crores, unless otherwise stated)

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

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

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

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

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

As per our report of even date attached

For **Akshay Rathi & Associates**

Chartered Accountants

ICAI Firm Registration

Number:139703W

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

Chartered Accountants

ICAI Firm Registration

Number: 324982E/E300003

For and on behalf of the Board of Directors of

**Solar Industries India Limited**

per **Akshay Rathi**

Proprietor

Membership No.- 161910

per **Pramod Kumar Bapna**

Partner

Membership No.- 105497

**S.N. Nuwal**

Chairman &

Executive Director

DIN: 00713547

**Manish Nuwal**

Managing Director &

CEO

DIN: 00164388

**Khushboo Pasari**

Company Secretary

Membership No.- F7347

**Place :** Nagpur

**Date :** July 31, 2020

**Nilesh Panpaliya**

Chief Financial Officer

**Place :** Nagpur

**Date :** July 31, 2020

**Place :** Mumbai

**Date :** July 31, 2020

# Independent Auditors' Report

To the Members of **Solar Industries India Limited**

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

### Opinion

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

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries and jointly controlled entity, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and jointly controlled entity as at March 31, 2020, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

### Basis for Opinion

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditors' Responsibilities for the Audit of the Consolidated Ind AS Financial Statements' section of our report. We are independent of the Group

and jointly controlled entity in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

### Emphasis of Matter

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

Our opinion is not modified in respect of this matter.

### Key Audit Matters

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

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

Key audit matters	How our audit addressed the key audit matter
<b>Revenue Recognition</b> (as described in note 2.2 (j) of the consolidated Ind AS financial statements) Revenue from sale of goods is recognized as outlined in note 20 of the consolidated Ind AS financial statements.  The Holding Company estimates the provision for powder factor on sales made to certain customers which is generally the percentage of blast output achieved at the	Our audit procedures include the following: <ul style="list-style-type: none"> <li>Evaluated the Holding Company's accounting policies pertaining to revenue recognition and assessed compliance with those policies in terms of Ind AS 115 (Revenue from contract with customers).</li> </ul>

Key audit matters	How our audit addressed the key audit matter
<p>time of blasting of the products at the customer 'site. Powder factor is based on the agreement with customer, volume of output achieved at the site, which is measured at a later date. Accordingly, the provision is made based on the likely powder factor to be achieved on current sales which is reduced from the sales for the period.</p> <p>As at March 31, 2020, the Holding Company is carrying a powder factor provision of ₹ 11.37 crore.</p> <p>This is a key audit matter as significant estimate is involved to establish the percentage of blast output achieved, the settlement of which happens in future as per the terms of contract and mutual agreement.</p>	<ul style="list-style-type: none"> <li>Assessed and tested the design and operating effectiveness of the Holding Company's internal financial controls over the estimation of powder factor provision. We obtained an understanding of the key controls management has in place to monitor the powder factor provision.</li> <li>Read the agreement with customers for validating terms relating to powder factor.</li> <li>Assessed the key management assumptions/ judgement relating to various parameters for measuring / estimating the amount of such powder factor provisions.</li> <li>We tested on sample basis, the accuracy of the underlying data used for computation of powder factor provisions and verified the arithmetical accuracy of powder factor provision.</li> <li>Evaluated the historical trend against the actual powder factor deduction.</li> <li>Assessed and reviewed the disclosures made by the company in the consolidated Ind AS financial statements.</li> </ul>
<p><b>Carrying value of trade receivables</b> (as described in note 2.2 (i)(4) of the consolidated Ind AS financial statements)</p> <p>As at March 31, 2020, trade receivables constitutes approximately 15% of total assets of the Group. The Holding Company is required to regularly assess the recoverability of its trade receivables.</p> <p>The Holding Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on trade receivables. The Holding Company uses a provision matrix to determine impairment loss allowance. The provision matrix is based on its historically observed default rates over the expected life of trade receivables and is adjusted for forward looking estimates which is also outlined in note 2.2 (i)(4) of the consolidated Ind AS financial statements.</p> <p>This is a key audit matter as significant judgement is involved to establish the provision matrix.</p> <p>The trade receivables balance, credit terms and aging as well as the Group's policy on impairment of receivables have been disclosed in note 7 to the consolidated Ind AS financial statements.</p> <p>The auditors of Economic Explosives Limited ('EEL'), a subsidiary of the Holding Company have also reported key audit matter on the aforesaid topic.</p>	<p>Our audit procedures include the following:</p> <ul style="list-style-type: none"> <li>Evaluated the Holding Company's accounting policies pertaining to impairment of financial assets and assessed compliance with those policies in terms of Ind AS 109 (Financial Instruments).</li> <li>Assessed and tested the design and operating effectiveness of the Holding Company's internal financial controls over provision for expected credit loss.</li> <li>Evaluated management's assumption and judgment relating to various parameters which includes the historical default rates and business environment in which the entity operates for estimating the amount of such provision.</li> <li>Evaluated management's assessment of recoverability of the outstanding receivables and recoverability of the overdue / aged receivables through inquiry with management, and analysis of collection trends in respect of receivables.</li> <li>Assessed and reviewed the disclosures made by the Company in the consolidated Ind AS financial statements.</li> </ul> <p>In respect of the key audit matter reported to us by the auditors of EEL, we performed inquiry of the audit procedures performed by them to address the key audit matter. As reported to us by the component auditor, the audit procedures performed include the audit procedures mentioned above.</p>

Key audit matters	How our audit addressed the key audit matter
<p><b>Receivables under Package Scheme of Incentives 2007 (PSI)</b></p> <p>The Holding Company was eligible to claim benefits under Package Scheme of Incentives 2007, for the sales tax paid by eligible industrial unit as per Maharashtra Value Added Tax, 2002.</p> <p>From July 1, 2017, post the implementation of Goods and Service Tax (GST), The Industry, Energy and Labour Department, Government of Maharashtra, issued a notification dated June 12, 2018, which clarified that Units can continue to claim benefit under PSI Scheme by claiming 100% of State GST (SGST) paid by eligible industrial unit. Accordingly, the Holding Company is accruing incentive @100% of SGST paid by the Company in Maharashtra.</p> <p>Total outstanding receivable of PSI incentive relating to above as at March 31, 2020 is INR 105.98 crore.</p> <p>This is a key audit matter as significant judgement is involved to establish the recoverability and the timing of receipt of the above amount.</p> <p>The auditors of Economic Explosives Limited ('EEL'), a subsidiary of the Holding Company have also reported key audit matter on the aforesaid topic.</p>	<p>Our audit procedures included and were not limited to the following:</p> <ul style="list-style-type: none"> <li>• Read the PSI scheme and evaluated the eligibility of the Holding Company to claim incentives.</li> <li>• Read the notification issued by The Industry, Energy and Labour Department, Government of Maharashtra relating to continuation of benefits on SGST paid by eligible Units and evaluated its impact on Holding Company's eligibility of PSI incentive.</li> <li>• Evaluated the historical trend of receiving amounts under PSI Scheme as against the claims filed.</li> <li>• Read the correspondences with the government department relating to incentive claims filed by the Holding Company.</li> <li>• Evaluated management's assessment of the recoverability of the outstanding receivables and recoverability of the overdue / aged receivables and timing of the receipt through inquiry with management, and analysis of collection trends in respect of receivables.</li> </ul> <p>In respect of the key audit matter reported to us by the auditors of EEL, we performed inquiry of the audit procedures performed by them to address the key audit matter. As reported to us by the component auditor, the audit procedures performed include the audit procedures mentioned above.</p>
<p><b>Deferred Tax Asset</b> (as described in note 2.2 (o) of the consolidated financial statements)</p> <p>The auditors of Solar Overseas Mauritius Limited ('SOML'), a subsidiary of the Holding Company have reported recoverability of deferred tax asset in subsidiaries in South Africa and Australia as key audit matter.</p> <p>As at March 31, 2020, the Group has an outstanding deferred tax asset balance of ₹ 51.53 crore.</p> <p>We considered this a key audit matter because deferred tax assets constitute a material balance in the financial statements and significant judgement is required by the company in determining the recoverability of deferred tax assets arising from past tax losses due to inherent uncertainties involved in forecasting such profits.</p> <p><b>A - Recoverability of deferred tax assets in South Africa</b></p> <p>The Company has recently started operations in South Africa. Being in the initial years of operations, these entities have incurred significant losses. The management has recognised deferred tax assets on these losses amounting to ₹ 36.10 crore as at March 31, 2020 based on the source of such losses, forecasts based on market expectations, its experience with respect to recoverability of losses from operations in the other territories and period over which these losses can be carried forward.</p> <p>The ultimate recoverability of the deferred tax asset depends on continued improvements in the profitability of the businesses.</p>	<p>Our audit procedures included and were not limited to the following:</p> <ul style="list-style-type: none"> <li>• In respect of the key audit matter reported to us by the auditors of SOML, we performed inquiry of the audit procedures performed by them to address the key audit matter. As reported to us by the subsidiary auditor, the following procedures have been performed by them:-</li> </ul> <p><b>A – South Africa:</b></p> <ul style="list-style-type: none"> <li>• Evaluated management's assessment of source of losses; a major amount of which pertains to non-operating losses i.e., finance cost and currency loss restatement.</li> <li>• Evaluated the progress made by the Company in improving the profitability of the business in recent periods.</li> <li>• Assessed the credibility of the business plans used in the deferred tax asset recoverability assessment. These were based on a 5 year plan.</li> <li>• Assessed the tax rate applied (28%) to the forecast future taxable profits and also the time period over which tax losses can be carried forward.</li> <li>• Assessed the performance of the company and the recoverability of losses in the other territories.</li> </ul>

Key audit matters	How our audit addressed the key audit matter
<p><b>B - Recoverability of deferred tax assets in Australia</b></p> <p>The Company has recently started operations in Australia for which the Company has acquired land and is in the process of setting up a manufacturing facility.</p> <p>The Company has incurred losses and has taxable timing differences on which deferred tax assets have been recognized amounting to ₹ 5.95 crore as at March 31, 2020.</p> <p>Based on forecasts, market expectations, its experience with respect to recoverability of losses from operations in other territories and the period over which these losses can be carried forward a deferred tax asset has been recognised in the financial report.</p>	<p><b>B – Australia:</b></p> <ul style="list-style-type: none"> <li>Evaluated management's assessment of a major amount of which pertains to non- operating losses i.e., finance costs and restatement losses due to depreciation of local currency against USD.</li> <li>Evaluated the progress made by the Company in improving the profitability of the business.</li> <li>Assessed the credibility of the business plans used in the deferred tax asset recoverability assessment. These were based on a five- year forecast.</li> <li>Assessed the tax rate applied to the forecast future taxable profits and also the time period over which tax losses can be carried forward.</li> <li>Assessed the performance of the Company and the recoverability of losses in the other territories.</li> </ul>

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

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

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

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

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

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including its jointly controlled entity in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group and

jointly controlled entity are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and jointly controlled entity and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

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

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

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

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

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

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

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

statements of such entities included in the consolidated Ind AS financial statements of which we are the independent auditors. For the other entities included in the consolidated Ind AS financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

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

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

#### Other Matters

- (a) The accompanying consolidated Ind AS financial statements include the financial statements and other financial information, in respect of 1 subsidiary, whose Ind AS financial statements include total assets of ₹ 678.73 crore as at March 31, 2020, and total revenues of ₹ 417.04 crore and net cash inflows of ₹ 4.85 crore for the year ended on that date which has been audited by one of the joint auditors, which report has been furnished to us by the management. Our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary is based solely on the report of such joint auditor.
- (b) We did not audit the financial statements and other financial information, in respect of 11 subsidiaries, whose Ind AS financial statements include total assets of ₹ 1,385.75 crore as at March 31, 2020, and total revenues of ₹ 744.10 crore and net cash outflows of ₹ 18.49 crore for the year ended on that date. These Ind AS financial statement and other financial information have been audited by other auditors, which financial statements, other financial information and auditors' reports have been furnished to us by the management. Our opinion on the consolidated Ind AS financial statements, in



so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of such other auditors.

- (c) The accompanying consolidated Ind AS financial statements include unaudited financial statements and other unaudited financial information in respect of 10 subsidiaries whose financial statements and other financial information reflect total assets of ₹ 472.91 crore as at March 31, 2020, and total revenues of ₹ 12.94 crore and net cash inflows of ₹ 4.34 crore for the year ended on that date. These unaudited financial statements and other unaudited financial information have been furnished to us by the management. The consolidated Ind AS financial statements also include the Group's share of net profit of ₹ Nil for the year ended March 31, 2020, as considered in the consolidated Ind AS financial statements, in respect of a jointly controlled entity, whose financial statements, other financial information have not been audited and whose unaudited financial statements, other unaudited financial information have been furnished to us by the Management. Our opinion, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and jointly controlled entity and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries and jointly controlled entity, is based solely on such unaudited financial statements and other unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements and other financial information are not material to the Group.

Our opinion above on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the unaudited financial statements and other unaudited financial information certified by the Management.

### Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, and jointly controlled entity, as noted in the 'other matters' paragraph we report, to the extent applicable, that:

- (a) We/the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements;
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;
- (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2020 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiaries none of the directors of the Group's companies, incorporated in India, is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act. Further, as more fully described in Note 30D of the consolidated Ind AS financial statements, one of the director of the Holding Company, Mr. Kailash Chandra Nuwal, has vacated the office of director with effect from November 7, 2019 due to violation of certain provisions of the Act;
- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements of the Holding Company and its subsidiaries, incorporated in India, refer to our separate Report in "Annexure 1" to this report;
- (g) In our opinion and based on the consideration of reports of other statutory auditors of the subsidiaries, incorporated in India, the managerial remuneration for the year ended March 31, 2020 has been paid / provided by the Holding Company and its subsidiaries incorporated in India to their directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- (h) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to

the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements and the other financial information of the subsidiaries, as noted in the 'Other matter' paragraph:

- i. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group, and jointly controlled entity in its consolidated Ind AS financial statements – Refer Note 29 to the consolidated Ind AS financial statements;
- ii. Provision has been made in the consolidated Ind AS financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 24 to the consolidated Ind AS financial statements in respect of such items as it relates to the Group and jointly controlled entity;

- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiaries, incorporated in India during the year ended March 31, 2020.

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

per **Akshay Rathi**  
Proprietor  
Membership No.: 161910  
UDIN:20161910AAAABL7864

**Place:** Nagpur  
**Date:** July 31, 2020

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

per **Pramod Kumar Bapna**  
Partner  
Membership No.: 105497  
UDIN: 20105497AAAACD5094

**Place:** Mumbai  
**Date:** July 31, 2020

# Annexure 1 to the Independent Auditors' Report of even date on the Consolidated Ind AS Financial Statements of Solar Industries India Limited

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

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

### Management's Responsibility for Internal Financial Controls

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

### Auditors' Responsibility

Our responsibility is to express an opinion on the Holding Company, its subsidiaries, which are companies incorporated in India, internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting with reference to these consolidated Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included

obtaining an understanding of internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting with reference to these consolidated Ind AS financial statements.

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

A company's internal financial control over financial reporting with reference to these consolidated Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these consolidated Ind AS financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls Over Financial Reporting with Reference to these Consolidated Ind AS Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to these consolidated Ind AS

financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these consolidated Ind AS financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## Opinion

In our opinion, to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors, as referred to in Other Matters paragraph, the Holding Company and its subsidiaries, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls system over financial reporting with reference to these consolidated Ind AS financial statements and such internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

## Other Matter

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

### For Akshay Rathi & Associates

Chartered Accountants

ICAI Firm Reg.

number : 139703W

per Akshay Rathi

Proprietor

Membership No.: 161910

UDIN:20161910AAAABL7864

Place: Nagpur

Date: July 31, 2020

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Reg.

number:324982E/E300003

per Pramod Kumar Bapna

Partner

Membership No.: 105497

UDIN: 20105497AAAACD5094

Place: Mumbai

Date: July 31, 2020

# Explosion of Opportunities

## FINANCIAL STATEMENTS

### Consolidated Balance Sheet as at 31 March, 2020

(All amounts in ₹ Crores, unless otherwise stated)

	Notes	As at March 31, 2020	As at March 31, 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3A	1,147.41	1,004.45
Capital work-in-progress	3A	152.23	165.56
Goodwill	3B	9.87	8.63
Other Intangible assets	3C	34.37	29.51
Intangible assets under development	3C	12.74	12.00
Right-of-use assets	3E	16.90	0.29
Financial assets			
Investments	4	2.33	2.56
Loans	5	21.12	11.66
Other financial assets	6	23.47	12.28
Deferred tax assets (net)	9A	51.53	29.11
Current tax assets (net)		30.03	9.79
Other non-current assets	11	46.82	33.72
<b>Total non-current assets</b>		<b>1,548.82</b>	<b>1,319.56</b>
<b>Current assets</b>			
Inventories	10	330.98	282.74
Financial assets			
Investments	4	0.02	30.08
Trade receivables	7	370.32	399.04
Cash and cash equivalents	8	92.56	61.00
Bank balances other than cash and cash equivalents	8	27.58	30.76
Loans	5	5.67	4.75
Other financial assets	6	86.59	96.36
Other current assets	11	69.78	57.24
<b>Total current assets</b>		<b>983.50</b>	<b>961.97</b>
Non-current assets classified as held for sale	3D	-	0.53
<b>Total assets</b>		<b>2,532.32</b>	<b>2,282.06</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	12	18.10	18.10
Other equity	12A	1,361.99	1,220.23
<b>Equity attributable to shareholders</b>		<b>1,380.09</b>	<b>1,238.33</b>
<b>Non-controlling interests</b>		<b>51.51</b>	<b>47.55</b>
<b>Total equity</b>		<b>1,431.60</b>	<b>1,285.88</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Financial Liabilities			
Borrowings	13	252.80	151.56
Other financial liabilities	16B	8.99	0.53
Deferred tax liabilities (net)	19	104.86	119.47
Provisions	18	1.92	0.15
<b>Total Non-current liabilities</b>		<b>368.57</b>	<b>271.71</b>
<b>Current liabilities</b>			
Financial liabilities			
Borrowings	14	357.37	312.92
Trade payables	15	154.43	163.30
Other financial liabilities	16A	153.60	189.46
Current tax Liabilities (net)		3.24	3.51
Other current liabilities	17	54.97	46.49
Provisions	18	8.54	8.79
<b>Total current liabilities</b>		<b>732.15</b>	<b>724.47</b>
<b>Total liabilities</b>		<b>1,100.72</b>	<b>996.18</b>
<b>Total equity and liabilities</b>		<b>2,532.32</b>	<b>2,282.06</b>
Summary of significant accounting policies	2.2 and 2.3		

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

As per our report of even date attached

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

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

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

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

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

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

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

**Khushboo Pasari**  
Company Secretary  
Membership No.- F7347  
**Place :** Nagpur  
**Date :** July 31, 2020

**Nilesh Panpaliya**  
Chief Financial Officer

**Place :** Nagpur  
**Date :** July 31, 2020

**Place :** Mumbai  
**Date :** July 31, 2020

# Consolidated Statement of Profit and Loss

(All amounts in ₹ Crores, unless otherwise stated)

	Notes	Year ended March 31, 2020	Year ended March 31, 2019
Revenue from operations	20	2,237.30	2,461.57
Other income	21	41.05	14.72
<b>Total income</b>		<b>2,278.35</b>	<b>2,476.29</b>
<b>Expenses</b>			
Cost of materials consumed	22A	1,103.78	1,253.46
Purchases of stock-in-trade		153.36	137.34
Changes in inventories of finished goods, work-in-progress and stock-in-trade	22B	(42.14)	10.14
Employee benefit expense	23	206.62	184.20
Depreciation and amortization expense	26	84.53	58.89
Other expenses	24	381.36	374.49
Finance costs	25	55.04	49.87
<b>Total expenses</b>		<b>1,942.55</b>	<b>2,068.39</b>
<b>Profit before Exceptional item &amp; tax</b>		<b>335.80</b>	<b>407.90</b>
Exceptional item (net)		-	(6.05)
<b>Profit before tax</b>		<b>335.80</b>	<b>401.85</b>
Tax expense			
- Current tax		95.37	130.45
- Adjustment of tax relating to earlier periods		0.04	(5.48)
- Deferred tax		(38.28)	0.08
<b>Total tax expense</b>	19	<b>57.13</b>	<b>125.05</b>
<b>Profit for the year</b>		<b>278.67</b>	<b>276.80</b>
<b>Other comprehensive income/(loss)</b>			
<i>Items that will not be reclassified to Profit or Loss</i>			
Remeasurements gain/ (loss) on defined benefit plans		(0.08)	(0.17)
Income tax effect		0.00	0.05
		<b>(0.08)</b>	<b>(0.12)</b>
<i>Items that may be reclassified to Profit or Loss</i>			
Net movement on Cash Flow Hedge Reserve		(0.33)	(0.66)
Income tax effect		0.09	0.23
Exchange difference on translation of foreign operations		(68.61)	(51.24)
Income tax effect		5.55	4.54
		<b>(63.30)</b>	<b>(47.13)</b>
<b>Total other comprehensive income/(loss) for the year, net of tax</b>		<b>(63.38)</b>	<b>(47.25)</b>
<b>Total comprehensive income for the year</b>		<b>215.29</b>	<b>229.55</b>
<b>Net profit attributable to</b>			
a) Owners of the company		267.43	261.61
b) Non-controlling interest		11.24	15.19
		<b>278.67</b>	<b>276.80</b>
<b>Other comprehensive income attributable to</b>			
a) Owners of the company		(48.58)	(40.82)
b) Non-controlling Interest		(14.80)	(6.43)
		<b>(63.38)</b>	<b>(47.25)</b>
<b>Total comprehensive income attributable to</b>			
a) Owners of the company		218.85	220.79
b) Non-controlling Interest		(3.56)	8.76
		<b>215.29</b>	<b>229.55</b>
Earnings per equity share			
Basic and Diluted earnings per share	27	29.55	28.91
Summary of significant accounting policies	2.2 and 2.3		

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

As per our report of even date attached

For **Akshay Rathi & Associates**

Chartered Accountants

ICAI Firm Registration

Number:139703W

per **Akshay Rathi**

Proprietor

Membership No.- 161910

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

Chartered Accountants

ICAI Firm Registration

Number: 324982E/E300003

per **Pramod Kumar Bapna**

Partner

Membership No.- 105497

For and on behalf of the Board of Directors of

**Solar Industries India Limited**

**S.N. Nuwal**

Chairman &

Executive Director

DIN: 00713547

**Khushboo Pasari**

Company Secretary

Membership No.- F7347

**Place** : Nagpur

**Date** : July 31, 2020

**Manish Nuwal**

Managing Director &

CEO

DIN: 00164388

**Nilesh Panpaliya**

Chief Financial Officer

**Place** : Nagpur

**Date** : July 31, 2020

**Place** : Mumbai

**Date** : July 31, 2020

# Consolidated Statement of Cash flows

(All amounts in ₹ Crores, unless otherwise stated)

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



# Consolidated Statement of Cash flows

for the year ended 31 March, 2020

(All amounts in ₹ Crores, unless otherwise stated)

## Change in liabilities arising from financing activities

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

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

As per our report of even date attached

For **Akshay Rath & Associates**

Chartered Accountants

ICAI Firm Registration

Number:139703W

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

Chartered Accountants

ICAI Firm Registration

Number: 324982E/E300003

For and on behalf of the Board of Directors of

**Solar Industries India Limited**per **Akshay Rath**

Proprietor

Membership No.- 161910

per **Pramod Kumar Bapna**

Partner

Membership No.- 105497

**S.N. Nuwal**

Chairman &amp;

Executive Director

DIN: 00713547

**Manish Nuwal**

Managing Director &amp;

CEO

DIN: 00164388

**Khushboo Pasari**

Company Secretary

Membership No.- F7347

**Nilesh Panpaliya**

Chief Financial Officer

**Place** : Nagpur**Date** : July 31, 2020**Place** : Mumbai**Date** : July 31, 2020**Place** : Nagpur**Date** : July 31, 2020

# Consolidated Statement of Changes in Equity for the year ended 31 March, 2020

(All amounts in ₹ Crores, unless otherwise stated)

## A. Equity share capital

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

## B. Other equity

	Reserves and surplus									
	Securities premium (Note 12A)	Retained earnings (Note 12A)	Capital reserve (Note 12A)	General reserve (Note 12A)	Total	Cash flow hedge reserve (Note 12A)	Foreign currency translation reserve (Note 12A)	Total	Non-controlling interest	Total
<b>Balance as at April 1, 2018</b>	149.13	470.62	16.54	480.10	1,116.39	0.25	(50.88)	1,065.76	47.38	1,113.14
Total profit for the year	-	261.61	-	-	261.61	-	-	261.61	15.19	276.80
Transfer from retained earnings	-	-	-	91.80	91.80	-	-	91.80	-	91.80
Transfer to General reserve	-	(91.80)	-	-	(91.80)	-	-	(91.80)	-	(91.80)
Loss on acquisition of additional stake in Solar Mining Services Pty Limited - South Africa	-	(0.87)	-	-	(0.87)	-	-	(0.87)	-	(0.87)
<b>Other comprehensive income</b>										
Remeasurement loss on defined benefit plans (net of tax)	-	(0.12)	-	-	(0.12)	-	-	(0.12)	-	(0.12)
Net movement in Cash Flow Hedges (net of tax)	-	-	-	-	-	(0.42)	-	(0.42)	-	(0.42)
Exchange differences on translation of foreign operations (net of tax)	-	-	-	-	-	-	(40.28)	(40.28)	(6.43)	(46.71)
<b>Transactions with owners :</b>										
Dividend paid	-	(54.29)	-	-	(54.29)	-	-	(54.29)	(6.89)	(61.18)
Dividend distribution tax paid	-	(11.16)	-	-	(11.16)	-	-	(11.16)	(0.69)	(11.85)
Non Controlling interest acquired during the year	-	-	-	-	-	-	-	-	(4.38)	(4.38)
Non Controlling interest arising on set-up of new subsidiary and issue of fresh shares by existing subsidiary	-	-	-	-	-	-	-	-	3.37	3.37
<b>Balance as at March 31, 2019</b>	<b>149.13</b>	<b>573.99</b>	<b>16.54</b>	<b>571.90</b>	<b>1,311.56</b>	<b>(0.17)</b>	<b>(91.16)</b>	<b>1,220.23</b>	<b>47.55</b>	<b>1,267.78</b>
<b>Balance as at April 1, 2019</b>	<b>149.13</b>	<b>573.99</b>	<b>16.54</b>	<b>571.90</b>	<b>1,311.56</b>	<b>(0.17)</b>	<b>(91.16)</b>	<b>1,220.23</b>	<b>47.55</b>	<b>1,267.78</b>
Total profit for the year	-	267.43	-	-	267.43	-	-	267.43	11.24	278.67
Effect of adoption of Ind AS 116 Leases (Refer note 2.3)	-	(0.60)	-	-	(0.60)	-	-	(0.60)	-	(0.60)
Transfer from retained earnings	-	-	-	80.15	80.15	-	-	80.15	-	80.15
Transfer to General reserve	-	(80.15)	-	-	(80.15)	-	-	(80.15)	-	(80.15)
<b>Other comprehensive income</b>										
Remeasurement loss on defined benefit plans (net of tax)	-	(0.08)	-	-	(0.08)	-	-	(0.08)	-	(0.08)
Net movement in Cash Flow Hedges (net of tax)	-	-	-	-	-	(0.24)	-	(0.24)	-	(0.24)
Exchange differences on translation of foreign operations (net of tax)	-	-	-	-	-	-	(48.39)	(48.39)	(14.80)	(63.19)
<b>Transactions with owners</b>										
Dividend paid	-	(63.34)	-	-	(63.34)	-	-	(63.34)	-	(63.34)
Dividend distribution tax paid	-	(13.02)	-	-	(13.02)	-	-	(13.02)	-	(13.02)
Non Controlling interest acquired during the year	-	-	-	-	-	-	-	-	0.28	0.28
Non Controlling interest arising on set-up of new subsidiary and issue of fresh shares by existing subsidiary	-	-	-	-	-	-	-	-	13.91	13.91
Loans to non-controlling interest	-	-	-	-	-	-	-	-	(6.67)	(6.67)
<b>Balance as at March 31, 2020</b>	<b>149.13</b>	<b>684.23</b>	<b>16.54</b>	<b>652.05</b>	<b>1,501.95</b>	<b>(0.41)</b>	<b>(139.55)</b>	<b>1,361.99</b>	<b>51.51</b>	<b>1,413.50</b>

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

As per our report of even date attached

For **Akshay Rathi & Associates**

Chartered Accountants  
ICAI Firm Registration  
Number:139703W

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

Chartered Accountants  
ICAI Firm Registration  
Number: 324982E/E300003

For and on behalf of the Board of Directors of

**Solar Industries India Limited**

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

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

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Chairman &  
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DIN: 00713547

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Managing Director &  
CEO  
DIN: 00164388

**Khushboo Pasari**  
Company Secretary  
Membership No.- F7347  
**Place :** Nagpur  
**Date :** July 31, 2020

**Nilesh Panpaliya**  
Chief Financial Officer

**Place :** Nagpur  
**Date :** July 31, 2020

**Place :** Mumbai  
**Date :** July 31, 2020

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

(All amounts in ₹ Crores, unless otherwise stated)

## Note 1: Corporate Information

Solar Industries India Limited (the 'Holding Company') is a Group domiciled in India, with its registered office at "Solar" House 14, Kachimet, Amravati Road, Nagpur - 440023 (Maharashtra). The Holding Company has been incorporated under the provisions of Indian Companies Act and its equity shares are listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) in India. These consolidated financial statements comprise the Holding Company and its subsidiaries (referred to collectively as the 'Group') and the Group's interest in jointly controlled entity and associates. The Group is primarily involved in manufacturing of complete range of industrial explosives and explosive initiating devices. It manufactures various types of packaged emulsion explosives, bulk explosives and explosive initiating systems.

## Note 2: Significant accounting policies

### 2.1 Basis of preparation

The Consolidated Financial Statements of the Group have been prepared on an accrual basis and under the historical cost convention except for certain financial instruments (including derivative instruments) and defined benefit plans which have been measured at fair value. The accounting policies are consistently applied by the Group to all the period as mentioned in the financial statements.

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

#### Current and non-current classification

The Group presents assets and liabilities in the balance sheet based on current / non-current classification.

An asset is treated as current when it is:

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

All other assets are classified as non-current.

A liability is treated as current when it is:

- Expected to be settled in normal operating cycle
- Held primarily for the purpose of trading
- Due to be settled within twelve months after the reporting period, or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

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

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

#### Basis of consolidation

The Consolidated Financial Statements comprise the financial statements of the Holding Company and its subsidiaries as at March 31, 2020. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

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

(All amounts in ₹ Crores, unless otherwise stated)

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent Group, i.e., year ended on 31 March. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

### Consolidation procedure:

- Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.
- Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.
- Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in

assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

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

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

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

(All amounts in ₹ Crores, unless otherwise stated)

Name	Country	% Equity Interest	
		March 31, 2020	March 31, 2019
d Solar Explochem Zambia Limited	Zambia	65.00%	65.00%
e Solar Patlayici Maddeler Sanayi Ve Ticaret Anonim Sirketi	Turkey	100.00%	100.00%
f P.T. Solar Mining Services (Note - i)	Indonesia	100.00%	100.00%
g Solar Explochem (Ghana) Limited (Note - iii)	Ghana	0.00%	0.00%
h PATSAN Patlayici Maddeler Sanayi Ve Ticaret Anonim Sirketi (Note - ii)	Turkey	53.00%	53.00%
i Solar Nitro Ghana Limited	Ghana	90.00%	90.00%
j Solar Madencilik Hizmetleri A.S	Turkey	100.00%	100.00%
k Solar Overseas Netherlands Cooperative U.A	Netherlands	99.99%	99.99%
l Solar Overseas Singapore Pte Ltd	Singapore	100.00%	100.00%
m Solar Industries Africa Limited	Mauritius	100.00%	100.00%
n Solar Nitro Zimbabwe (Private) Limited (Note - i)	Zimbabwe	100.00%	100.00%
o Solar Nitro chemicals Limited (Note - i)	Tanzania	65.00%	65.00%
p Solar Mining Services Pty Ltd, Australia*	Australia	76.00%	76.00%
q Solar Mining Services Cote d'Ivoire Limited SARL (Note- i and iv)	Ivory Coast	100.00%	0.00%
r Laghe Venture Company Limited^	Tanzania	55.00%	0.00%
<b>B Associates</b>			
a SMS Bhatgaon Mines Extension Private Limited (Note v)	India	49.00%	49.00%
b Solar Bhatgoan Extension Mines Private Limited (Note v)	India	49.00%	49.00%
<b>C Entities with Joint control or significant influence over the entity</b>			
a ASTRA Resources Pty Limited	South Africa	49.00%	49.00%

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

## 2.2 Summary of significant accounting policies

### a. Use of estimates

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

### b. Property, Plant and Equipment

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

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

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

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if

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

(All amounts in ₹ Crores, unless otherwise stated)

it is probable that future economic benefits associated with the item will flow to the Group. All other expenses on existing property, plant and equipment, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the year during which such expenses are incurred.

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

### c. Intangible assets

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

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

Gains or losses arising from disposal of an intangible asset are measured as the difference between the net

disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is disposed.

### Research and development

Expenditures on research activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding are recognized in the statement of profit and loss when incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditures are capitalized only if development costs can be measured reliably; the product or process is technically and commercially feasible; future economic benefits are probable; and the Group intends to and has sufficient resources to complete development and to use or sell the asset.

Expenditure on research and development eligible for capitalization are carried as Intangible assets under development where such assets are not yet ready for their intended use.

The expenditures to be capitalized include the cost of materials and other costs directly attributable to preparing the asset for its intended use. Other development expenditures are recognized as expense in the statement of profit and loss as incurred.

The estimated useful life for Product related intangibles is 5 years once the development is complete.

Intangible assets relating to products in development are subject to impairment testing at each reporting date. All other intangible assets are tested for impairment when there are indications that the carrying value may not be recoverable. All impairment losses are recognized immediately in the statement of profit and loss.

The amortization period and the amortization method for intangible assets with a finite useful life are reviewed at each reporting date.

### d. Depreciation and amortization

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

Assets	Group's estimate of useful life (in years)	Useful life as prescribed under Schedule II to the Companies Act, 2013 (in years)
<b>Property, Plant and Equipment</b>		
<b>Buildings:</b>		
Factory buildings	10 to 30	30
Other buildings	10 to 60	60

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

(All amounts in ₹ Crores, unless otherwise stated)

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

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

The Group, based on technical assessment made by technical expert and management estimate, depreciates certain items of property, plant and equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used. Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

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

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

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

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

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment



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

(All amounts in ₹ Crores, unless otherwise stated)

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

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

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

#### f. Borrowing costs

Borrowing costs that are directly attributable to acquisition, construction or production of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. All other borrowing costs are recognised as an expense in the period in which they are incurred. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

#### g. Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities

acquired in a business combination are measured at the basis indicated below:

- Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Taxes and Ind AS 19 Employee Benefits respectively.
- Liabilities or equity instruments related to share based payment arrangements of the acquiree or share – based payments arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 Share-based Payments at the acquisition date.
- Assets (or disposal groups) that are classified as held for sale in accordance with Ind AS 105 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.
- Reacquired rights are measured at a value determined on the basis of the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or OCI, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 Financial Instruments, is measured at fair value with changes in fair value recognised in profit or loss. If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate

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

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consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

## h. Leases

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

### Group as a Lessee:

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

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

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

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

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

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

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

### ii. Lease Liabilities:

At the commencement date of the lease, the Group recognises lease liabilities measured at the

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

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

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

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

### i) Financial instruments:

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

#### 1. Financial assets

##### Classification

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

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

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

### Measurement

At initial recognition, the Group measures a financial asset at its fair value. Transaction costs of financial assets carried at fair value through the profit and loss are expensed in the statement of profit and loss.

#### A. Debt instruments:

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

##### A.1 Amortized cost:

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

##### A.2 Fair value through profit and loss:

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

#### B. Equity instruments:

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

#### C. De-recognition

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

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has

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

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

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

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

## 2. Financial liabilities

### Classification

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

- those to be measured subsequently at fair value through the statement of profit and loss, and
- those measured at amortised cost

### Measurement

#### A. Financial liabilities at amortised cost

Financial liabilities at amortised cost represented by borrowings, trade and other payables are initially recognized at fair value, and subsequently carried at amortized cost.

#### B. Financial liabilities at fair value through profit and loss

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

#### C. Financial guarantee contracts

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

## 3. Derivative financial instruments and hedge accounting

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

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

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

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

# Notes to Consolidated Financial Statements

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- Hedges of a net investment in a foreign operation

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

#### 4. Impairment of financial assets

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

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

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss. This amount is

reflected under the head 'Other expenses' / 'Other income' in the statement of profit and loss.

#### j. Revenue Recognition

##### Revenue from Contract with Customer

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

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

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

##### a. Sale of products:

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

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

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

##### 1. Variable consideration

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

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## • Volume rebates and discounts

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

## • Powder Factor

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

## 2. Significant financing component

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

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

## b. Sale of projects:

Revenue from sale of project is recognised at the point in time when control of the project is transferred to the customer, generally on completion

of installation. Revenue from sale of projects is measured at the fair value of the consideration received or receivable. The normal credit term is 90 days after installation is completed.

## c. Interest Income:

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

## d. Dividend:

Revenue is recognised when the Group's right to receive the dividend is established by the reporting date. Dividend income is included under the head 'Other income' in the statement of profit and loss.

## Contract balances

### Contract assets

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

### Trade receivables

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

### Contract liabilities

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

## k. Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. Government grant received in the form of State Government GST/Sales Tax subsidy/Reimbursement of Provident Fund has been considered as revenue grant and the same has been recognized in the statement of profit and loss under the head 'Other operating revenues'.



# Notes to Consolidated Financial Statements

(All amounts in ₹ Crores, unless otherwise stated)

## I. Foreign currencies transactions and translations

The Group's consolidated financial statements are presented in INR, which is also the parent Group's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

### i) Functional and presentation currency

The financial statements are presented in Indian rupee (INR), which is Group's functional and presentation currency.

### ii) Transactions and balances

Transactions in foreign currencies are recognized at the prevailing exchange rates on the transaction dates. Realised gains and losses on settlement of foreign currency transactions are recognized in statement of profit and loss except for exchange differences on foreign currency borrowings relating to assets under construction for productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of the following:

- Exchange differences arising on monetary items that forms part of a reporting entity's net investment in a foreign operation are recognised in profit or loss in the separate financial statements of the reporting entity or the individual financial statements of the foreign operation, as appropriate. In the financial statements that include the foreign operation and the reporting entity (e.g., consolidated financial statements when the foreign operation is a subsidiary), such exchange differences are recognised initially in OCI. These exchange differences are reclassified from equity to profit or loss on disposal of the net investment.
- Exchange differences arising on monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in OCI until

the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss.

- Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

## Group companies

On consolidation, the assets and liabilities of foreign operations are translated into INR at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. For practical reasons, the group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising in the acquisition/ business combination of a foreign operation on or after April 1, 2015 and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

## m. Inventories

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

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- (i) **Raw materials:** cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.



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

(All amounts in ₹ Crores, unless otherwise stated)

(ii) **Finished goods and work in progress:** cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs. Cost is determined on weighted average basis.

(iii) **Traded goods:** cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

## n. Retirement and other employee benefits

### (i) Provident Fund

Provident fund is a defined contribution plan covering eligible employees. The Group and the eligible employees make a monthly contribution to the provident fund maintained by the Regional Provident Fund Commissioner equal to the specified percentage of the basic salary of the eligible employees as per the scheme. The contributions to the provident fund are charged to the statement of profit and loss for the period / year when the contributions are due. The Group has no obligation, other than the contribution payable to the provident fund.

### (ii) Gratuity

Gratuity is a defined benefit obligation plan operated by the Holding Group and its Indian Subsidiaries for its employees covered under Group Gratuity Scheme. The cost of providing benefit under gratuity plan is determined on the basis of actuarial valuation using the projected unit credit method at the reporting date. The scheme is funded with an insurance Group in the form of qualifying insurance policy. Remeasurements, comprising of actuarial gains and losses are recognized in full in the statement of other comprehensive income in the reporting period in which they occur. Remeasurements are not reclassified to profit and loss subsequently.

Some of the overseas subsidiaries operate Gratuity scheme plan for employees as per laws of the respective countries, liability in respect of the same is provided on the accrual basis, estimated at each reporting date. Overseas subsidiaries do not operate any defined benefit plans for employees.

### (iii) Leave encashment

Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short-

term employee benefit for measurement purposes. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

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

Overseas subsidiaries provide liability in respect of compensated absences for employees as per respective local entity's policies. The same is measured based on the accrual basis as the payment is required to be made within next twelve months.

The Group presents the entire leave encashment liability as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for twelve months after the reporting date.

## o. Tax Expense

Tax expense comprises of current tax and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Group operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred income taxes reflect the impact of temporary differences between tax base of assets and liabilities and their carrying amounts. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except deferred tax liability arising from initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, affects neither accounting nor taxable profit/ loss at the time of transaction. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses, except deferred tax assets arising from initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, affects neither accounting

# Notes to Consolidated Financial Statements

for the year ended 31 March, 2020

(All amounts in ₹ Crores, unless otherwise stated)

nor taxable profit/ loss at the time of transaction. Deferred tax assets are recognized only to the extent that sufficient future taxable income will be available against which such deferred tax assets can be realized.

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

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

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

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

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

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

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

Minimum alternate tax (MAT) credit is recognized as deferred tax asset only when and to the extent there is convincing evidence that the Group will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount is written down to the extent the Group does not have convincing evidence that it will pay normal tax during the specified period.

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

## p. Segment reporting

### (i) Identification of segment

Operating segments are reported in the manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Group.

### (ii) Segment accounting policies

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

## q. Earnings per share (EPS)

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

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

## r. Provisions

A provision is recognized when the Group has a present obligation as a result of past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are determined based on the best estimate required to settle the obligation at the reporting date. If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. These estimates are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

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

(All amounts in ₹ Crores, unless otherwise stated)

## s. Contingent liability

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

## t. Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

## u. Fair value measurement

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

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

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

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

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised

within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

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

## v. Non-current assets held for sale

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

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

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

# Notes to Consolidated Financial Statements

for the year ended 31 March, 2020

(All amounts in ₹ Crores, unless otherwise stated)

- Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

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

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

### w. Exceptional Items

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

### x. Significant accounting estimates and assumptions

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

### Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

### Useful Lives of Property, Plant & Equipment

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

### Impairment of non-financial assets

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

### Taxes

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

### Defined benefit plans (gratuity benefits)

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

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

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

### Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be

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

(All amounts in ₹ Crores, unless otherwise stated)

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

## Recoverability of Trade Receivables

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

## Impairment of financial assets

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

## Powder factor deductions

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

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

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

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

and conditions mentioned in the eligibility certificate. The Company uses judgement to establish the recoverability and the timings of the receipts.

## Lease

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

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

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

### Leases - Estimating the incremental borrowing rate

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

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

Refer Note 38 of the Consolidated Financial Statements.

## 2.3 Changes in accounting policies and disclosures

### New and amended standards

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

Several other amendments apply for the first time for the year ending March 31, 2020, but do not have an impact on the

# Notes to Consolidated Financial Statements

for the year ended 31 March, 2020

(All amounts in ₹ Crores, unless otherwise stated)

consolidated financial statements of the Group. The Group has not early adopted any standards, amendments that have been issued but are not yet effective/notified.

### Ind AS 116 Leases

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

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

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

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

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

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

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

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

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

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

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



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

(All amounts in ₹ Crores, unless otherwise stated)

## Note 3A. Property, Plant and Equipment

Particulars	Freehold Land	Leasehold Land	Buildings	Furniture and Fixture	Plant and Machinery	Vehicles	Office Equipment and Computer	Total
<b>Year ended March 31, 2019</b>								
<b>Gross carrying amount as at April 1, 2018<sup>1</sup></b>	<b>105.95</b>	<b>0.10</b>	<b>448.49</b>	<b>10.17</b>	<b>390.06</b>	<b>42.62</b>	<b>7.69</b>	<b>1,005.08</b>
Exchange differences	(0.30)	-	(14.31)	(0.59)	(5.00)	(1.48)	-	(21.68)
Additions	25.72	0.06	61.70	6.70	67.85	25.68	6.41	194.12
Disposals*	(0.21)	-	(0.21)	(0.00)	(7.36)	(0.81)	(0.14)	(8.73)
Asset held for sale (refer note 3D)	(0.06)	-	-	-	-	-	-	(0.06)
<b>Closing gross carrying amount as at March 31, 2019</b>	<b>131.10</b>	<b>0.16</b>	<b>495.67</b>	<b>16.28</b>	<b>445.55</b>	<b>66.01</b>	<b>13.96</b>	<b>1,168.73</b>
<b>Accumulated depreciation</b>								
Opening accumulated depreciation as at April 1, 2018 <sup>1</sup>	-	-	32.53	3.31	64.10	9.04	3.21	112.19
Depreciation charge for the year	-	-	17.48	1.30	29.63	5.38	1.85	55.64
Disposals*	-	-	(0.09)	(0.00)	(4.58)	(0.76)	(0.14)	(5.57)
Exchange differences	-	-	0.27	(0.22)	0.96	0.83	0.18	2.02
<b>Closing accumulated depreciation as at March 31, 2019</b>	<b>-</b>	<b>-</b>	<b>50.19</b>	<b>4.39</b>	<b>90.11</b>	<b>14.49</b>	<b>5.10</b>	<b>164.28</b>
<b>Net carrying amount as at March 31, 2019</b>	<b>131.10</b>	<b>0.16</b>	<b>445.48</b>	<b>11.89</b>	<b>355.44</b>	<b>51.52</b>	<b>8.86</b>	<b>1,004.45</b>
<b>Year ended March 31, 2020</b>								
<b>Gross carrying amount as at April 1, 2019</b>	<b>131.10</b>	<b>0.16</b>	<b>495.67</b>	<b>16.28</b>	<b>445.55</b>	<b>66.01</b>	<b>13.96</b>	<b>1,168.73</b>
Opening gross carrying amount	131.10	0.16	495.67	16.28	445.55	66.01	13.96	1,168.73
Exchange differences	(0.23)	-	(14.15)	(0.29)	(4.29)	(6.04)	(0.19)	(25.19)
Additions	19.59	-	114.11	3.61	88.68	10.88	3.19	240.06
Acquisition of subsidiary	0.15	-	0.38	0.01	0.15	-	-	0.69
Other adjustments	-	(0.16)	-	-	-	-	-	(0.16)
Disposals	-	-	(0.21)	(0.03)	(0.48)	(0.09)	(0.35)	(1.16)
<b>Closing gross carrying amount as at March 31, 2020</b>	<b>150.61</b>	<b>-</b>	<b>595.80</b>	<b>19.58</b>	<b>529.61</b>	<b>70.76</b>	<b>16.61</b>	<b>1,382.97</b>
<b>Accumulated depreciation</b>								
Opening accumulated depreciation as at April 1, 2019	-	-	50.19	4.39	90.11	14.49	5.10	164.28
Depreciation charge for the year	-	-	24.14	1.99	34.93	11.15	2.64	74.85
Transfer	-	-	-	-	2.66	0.13	0.08	2.87
Disposals*	-	-	(0.18)	(0.00)	(0.03)	(0.14)	(0.02)	(0.37)



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

(All amounts in ₹ Crores, unless otherwise stated)

#### Note 3A. Property, Plant and Equipment (Contd..)

Particulars	Freehold Land	Leasehold Land	Buildings	Furniture and Fixture	Plant and Machinery	Vehicles	Office Equipment and Computer	Total
Exchange differences*	0.00	-	(1.07)	(0.10)	(2.46)	(2.13)	(0.31)	(6.07)
<b>Closing accumulated depreciation as at March 31, 2020</b>	<b>0.00</b>	<b>-</b>	<b>73.08</b>	<b>6.28</b>	<b>125.21</b>	<b>23.50</b>	<b>7.49</b>	<b>235.56</b>
<b>Net carrying amount as at March 31, 2020</b>	<b>150.61</b>	<b>-</b>	<b>522.72</b>	<b>13.30</b>	<b>404.40</b>	<b>47.26</b>	<b>9.12</b>	<b>1,147.41</b>
<b>Capital Work-in-Progress as at March 31, 2020</b>								<b>152.23</b>
<b>Capital Work-in-Progress as at March 31, 2019</b>								<b>165.56</b>

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

The above property, plant and equipments are subject to first pari passu charge on the non current loans from banks and second Pari Passu charge on the working capital loans, both present and future.

The amount of borrowing costs capitalised during the year ended March 31, 2020 was ₹ 2.06 (March 31, 2019: ₹ 5.92). The rate used to determine the amount of borrowing costs eligible for capitalisation is in the range of 6.59% to 9.50%, which is the effective interest rate of the borrowing made specifically to acquire/ constructing the qualifying assets.

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

#### Note 3B: Goodwill

##### Impairment test for goodwill

Goodwill acquired through business combination has been considered for impairment testing.

Carrying amount of goodwill is:

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

The recoverable value of Solar Patlayici Maddeler Sanayi Ve Ticaret Anonim Sirketi ("SPMS") ₹ 4.53, Solar Mining Services Pty Ltd - Australia ("SMS-Aus") ₹ 3.39 and Laghe Venture Company Limited ("LVC") ₹ 0.47 CGUs as at March 31, 2020, for impairment assessment has been calculated based on value-in-use calculation using cash flow projections from financial budgets approved by senior management covering a four-year period.

Long-term growth rate for cash flows beyond four years have been considered in the range of 1% - 2%.

As a result of this analysis, management has concluded the recoverable value of CGUs exceed the carrying value of CGU (including goodwill).

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

1. Sales growth rate
2. Discount rates

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

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

(All amounts in ₹ Crores, unless otherwise stated)

## Note 3B: Goodwill (Contd..)

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

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

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

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

	Software & License	Product Development Cost	Others <sup>2</sup>	Total
<b>Year ended March 31, 2019</b>				
<b>Gross carrying amount</b>				
Opening gross carrying amount as at April 1, 2018 <sup>1</sup>	0.66	-	23.06	23.72
Addition	1.98	7.81	2.40	12.19
<b>Gross carrying amount as at March 31, 2019</b>	<b>2.64</b>	<b>7.81</b>	<b>25.46</b>	<b>35.91</b>
<b>Accumulated amortisation</b>				
Opening accumulated amortisation as at April 1, 2018	0.46	-	1.79	2.24
Amortisation for the year	0.31	1.26	2.58	4.16
<b>Accumulated amortization as at March 31, 2019</b>	<b>0.77</b>	<b>1.26</b>	<b>4.37</b>	<b>6.40</b>
<b>Net carrying amount as at March 31, 2019</b>	<b>1.87</b>	<b>6.55</b>	<b>21.09</b>	<b>29.51</b>
<b>Year ended March 31, 2020</b>				
<b>Gross carrying amount</b>				
Opening gross carrying amount as at April 1, 2019	2.64	7.81	25.46	35.91
Addition	0.68	3.83	5.74	10.25
<b>Gross carrying amount as at March 31, 2020</b>	<b>3.32</b>	<b>11.64</b>	<b>31.20</b>	<b>46.16</b>
<b>Accumulated amortisation</b>				
Opening accumulated amortisation as at April 1, 2019	0.77	1.26	4.37	6.40
Amortisation for the year	0.42	2.01	2.96	5.39
<b>Accumulated amortization as at March 31, 2020</b>	<b>1.19</b>	<b>3.27</b>	<b>7.33</b>	<b>11.79</b>
<b>Net carrying amount as at March 31, 2020</b>	<b>2.13</b>	<b>8.37</b>	<b>23.87</b>	<b>34.37</b>
<b>Intangible assets under development as at March 31, 2020</b>				<b>12.74</b>
<b>Intangible assets under development as at March 31, 2019</b>				<b>12.00</b>

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

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

## Note 3D: Assets classified as held for sale

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

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

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

(All amounts in ₹ Crores, unless otherwise stated)

## Note 3E Leases

### Group as Lessee

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

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

### A. Right-of-use assets

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

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

### B. Lease Liabilities-Other financial liabilities

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

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

The maturity analysis of lease liabilities are disclosed in Note 33

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

The following are the amounts recognised in profit or loss:

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

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

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

(All amounts in ₹ Crores, unless otherwise stated)

## Note 4 : Investments

### Non-current investments

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

### Current investments

	Face value	Number of Shares/Units		Amount	
		March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
<b>Quoted</b>					
<b>Investment at fair value through profit &amp; loss</b>					
<b>Investment in equity instruments (fully paid-up) :</b>					
IDFC Limited	₹ 10	10,900	10,900	0.02	0.05
Edserv Soft Systems Ltd.	₹ 10	3,500	3,500	-	-
Shree Ashtavinayak Cine Vision Ltd.	₹ 1	5,000	5,000	-	-
<b>Quoted</b>					
<b>Investment in Mutual Funds (fully paid-up) :</b>					
Kotak Liquid Direct Plan Growth	₹ 10	-	79,339.89	-	30.03
<b>Aggregate amount of quoted investments and market value thereof (refer note 33)</b>				<b>0.02</b>	<b>30.08</b>

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

(All amounts in ₹ Crores, unless otherwise stated)

## Note 5 : Loans

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

### Notes:

- Loans are non derivative financial assets which generate a fixed or variable interest income for the group. The carrying value may be affected by changes in the credit risk of the counterparties.
- Loans to others includes funds advanced to unrelated third parties wherein the said loans are either repayable on demand or as per the repayment schedule agreed within the contractual terms with such third party.

## Note 6 : Other financial assets

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

### Note:

Derivative instruments at fair value through profit or loss reflect the positive change in fair value of those foreign exchange option/forward contracts that are not designated in hedge relationship, but are, nevertheless, intended to reduce the level of foreign currency risk for foreign currency borrowing.

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

(All amounts in ₹ Crores, unless otherwise stated)

## Note 7 : Trade receivables

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

### Break-up of security details

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

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

Trade receivables are non-interest bearing and are generally on terms of 30 to 120 days.

## Note 8. Cash and Bank balances

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

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

<sup>#</sup> Amount remitted by subsidiary company credited in the bank account subsequently

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

(All amounts in ₹ Crores, unless otherwise stated)

#### Note 9A: Deferred tax Assets

The balance comprises temporary differences attributable to:

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

#### Reconciliation of deferred tax assets:

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

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

#### Note 10: Inventories

	March 31, 2020	March 31, 2019
Raw materials and packing materials (Includes stock in transit of ₹. 20.40 (March 31, 2019 : ₹ 14.84))	163.21	168.73
Work-in-progress	27.24	21.09
Finished goods (Includes stock in transit of ₹ 4.35 (March 31, 2019 : ₹ 11.29))	50.29	41.56
Stock-in-trade (Includes stock in transit of ₹ 14.23 (March 31, 2019 : ₹ 1.61))	70.94	34.65
Stores and spares (Includes stock in transit of ₹ 0.51 (March 31, 2019 : ₹ 0.04))	18.07	15.69
Project inventory-in-progress	1.23	1.02
	<b>330.98</b>	<b>282.74</b>

#### Note 11: Other assets

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



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

(All amounts in ₹ Crores, unless otherwise stated)

## Note 12: Equity share capital

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

### (a) Movements in equity share capital

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

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

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

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

### (c) Equity shares held by ultimate holding/ holding company and/ or their subsidiaries/ associates

Being ultimate holding company, there are no shares held by any other holding, ultimate holding company and their subsidiaries/ associates.

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

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

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents the legal ownership of shares.

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

(All amounts in ₹ Crores, unless otherwise stated)

## Note 12A. Other equity

### Securities premium

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

### Retained earnings

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

### Capital reserve

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

### General reserve

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

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

(All amounts in ₹ Crores, unless otherwise stated)

## Note 12A. Other equity (Contd..)

### Cash flow hedge reserve

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

### Foreign currency translation reserve

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

### Total other equity

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

### Nature and purpose of reserves

#### 1 Securities premium

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

#### 2 Capital reserve

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

#### 3 General reserve

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

#### 4 Cash flow hedge reserve

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

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

(All amounts in ₹ Crores, unless otherwise stated)

## Note 12A. Other equity (Contd..)

### Nature and purpose of reserves

#### 5 Foreign currency translation reserve

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

#### 6 Retained Earnings

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

## 12B. Distribution made and proposed

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

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

## Note 13. Non-current borrowings

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

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

(All amounts in ₹ Crores, unless otherwise stated)

## Note 14: Current borrowings

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

## Maturity profile of Non current Borrowing

	Maturity date	Terms of repayment	March 31, 2020	March 31, 2019
<b>Secured</b>				
Foreign currency term loan from Bank	August 31, 2021	Repayable in eight equal quarterly installment starting after moratorium period of 12 months	40.36	49.18
Rupee Term Loan from Bank	September 13, 2024	Repayable in twelve quarterly installment starting after moratorium period of 24 months	50.00	-
Indian rupee term loan	December 17, 2024	Repayable in twelve quarterly installment starting after moratorium period of 24 months	50.00	-
Indian rupee term loan	August 01, 2021	Repayable in eight quarterly installment starting after moratorium period of 12 months	75.00	50.00
Local currency loan (South African Rand)	September 26, 2022	12 Quarterly Payments commencing from the start of 9th quarter from the first disbursement	34.05	50.52
Local currency loan (South African Rand)	March 03, 2025	12 Quarterly Payments commencing from the start of 9th quarter from the first disbursement	5.65	-
Local currency loan (Turkish Lira)	February 20, 2022	Single repayment at the end of the term	1.83	-
Local currency loan (USD)	March 15, 2026	10 six monthly installments commencing from September 15, 2021	60.53	-
Foreign currency term loan from Bank	March 27, 2020	Repayable in eight equal quarterly installment starting after moratorium period of 12 months	-	23.78
Rupee Term Loan from Bank	January 16, 2020	Repayable in eight equal quarterly installment starting after moratorium period of 12 months	-	0.00
Foreign currency term loan from Bank	September 19, 2019	Single repayment at the end of the term	-	53.13

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

(All amounts in ₹ Crores, unless otherwise stated)

## Note 14: Current borrowings (Contd..)

	Maturity date	Terms of repayment	March 31, 2020	March 31, 2019
Foreign currency term loan from Bank	September 27, 2019	Repayable in eight equal half yearly installment	-	8.64
Foreign currency term loan from Bank	January 30, 2020	Repayables in eight equal quarterly installment	-	19.05
Indian rupee term loan	January 30, 2020	Repayables in eight equal quarterly installment	-	0.13
<b>Unsecured</b>				
Deferred purchase consideration	November 01, 2027	Quarterly payments commencing from April 2018 for 10 years	33.38	35.92
Sales tax deferral loan	April 30, 2024	Repayable as per Sales Tax Deferral Scheme.	0.36	0.47
			<b>351.16</b>	<b>290.82</b>
Interest accrued but not due			1.25	0.39
			<b>352.41</b>	<b>291.21</b>

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

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

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

## Maturity profile of Current Borrowing

	Maturity date	Terms of repayment	March 31, 2020	March 31, 2019
<b>Secured</b>				
Indian Rupee working capital loan from Bank	April 9, 2020	Single repayment at the end of the term	8.33	-
Indian Rupee working capital loan from Bank	April 9, 2020	Single repayment at the end of the term	5.00	-
Indian Rupee working capital loan from Bank	April 13, 2020	Single repayment at the end of the term	5.00	-
Cash Credits from Bank	On Demand	Single repayment at the end of the term	2.98	-
Cash Credits from Bank	On Demand	Single repayment at the end of the term	2.43	-
Indian rupee working capital loan from Bank	April 09, 2020	Single repayment at the end of the term	10.00	-
Indian rupee working capital loan from Bank	April 13, 2020	Single repayment at the end of the term	9.00	-
Indian rupee working capital loan from Bank	On Demand	Repayable on demand	9.15	-
Foreign Currency Loan (USD)	June 30, 2020	Single repayment at the end of the term	15.42	5.04
Foreign Currency Loan (USD)	May 29, 2020	Single repayment at the end of the term	1.51	3.04
Foreign Currency Loan (USD)	June 30, 2020	Single repayment at the end of the term	0.52	3.82
Local Currency Loan (USD)	June 30, 2020	Single repayment at the end of the term	114.34	174.22
Local Currency Loan (USD)	Various from June 2020 to September 2020	Single repayment at the end of the term	30.26	-

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

(All amounts in ₹ Crores, unless otherwise stated)

## Note 14: Current borrowings (Contd..)

### Maturity profile of Current Borrowing (Contd..)

	Maturity date	Terms of repayment	March 31, 2020	March 31, 2019
Local Currency Loan (USD)	February 24, 2021	Single repayment at the end of the term	37.88	-
Local Currency Loan (Nigerian Naira)	April 14, 2020	Single repayment at the end of the term	1.02	1.93
Local Currency Loan (Turkish Lira)	February 24, 2021	Single repayment at the end of the term	1.77	-
Local Currency Loan (Turkish Lira)	November 20, 2020	Single repayment at the end of the term	2.46	-
Local Currency Loan (Turkish Lira)	April 2020	Single repayment at the end of the term	0.05	0.04
Foreign Currency Loan (USD)	On demand	On demand	7.93	-
Local Currency Loan (South African Rand)	On demand	On demand	25.35	-
Local Currency Loan from bank	June 11, 2019	Single repayment at the end of the term	-	24.88
Local Currency Loan from bank	June 18, 2019	Single repayment at the end of the term	-	4.30
Local Currency Loan from bank	August 5, 2019	Single repayment at the end of the term	-	6.45
Local Currency Loan from bank	April 4, 2019	Single repayment at the end of the term	-	13.52
Local Currency Loan from bank	On Demand	Single repayment at the end of the term	-	28.11
Local Currency Vehicle Loan (Turkish Lira)	October 11, 2019	Monthly Installments	-	0.06
Local Currency Vehicle Loan (Turkish Lira)	August 15, 2019	Monthly Installments	-	0.12
Foreign currency working capital loan from Bank	October 23, 2019	Single repayment at the end of the term	-	14.18
Buyer's credit	May 14, 2019	Single repayment at the end of the term	-	15.86
Buyer's credit	July 19, 2019	Single repayment at the end of the term	-	15.18
<b>Unsecured</b>				
Indian Rupee working capital loan from Bank	April 17, 2020	Single repayment at the end of the term	15.00	-
Local Currency Loan (Turkish Lira)	On demand	On demand	30.79	-
Local Currency Loan (South African Rand)	On demand	On demand	18.45	-
Loan from others (Foreign Currency Loan (USD))	Mutual consent	Mutual consent	0.23	-
Loan from others (Foreign Currency Loan (USD))	Mutual consent	Mutual consent	4.08	3.52
			<b>358.95</b>	<b>314.27</b>
			0.10	0.12
			<b>359.05</b>	<b>314.39</b>



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

(All amounts in ₹ Crores, unless otherwise stated)

## Note 14: Current borrowings (Contd..)

### Maturity profile of Current Borrowing (Contd..)

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

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

### Security

The above non current loans from banks are secured by first pari passu charge on the tangible movable and immovable property, plant and equipment and second pari passu charge on the Group's current asset. Working capital loans have first Pari Passu charge on Group's entire current asset, both present and future and second Pari Passu charge on Group's entire property, plant and equipment assets, both present and future.

### Loan covenants

Bank loan contains certain debt covenants relating to debt-equity ratio, net borrowings to EBITDA ratio, interest coverage ratio and debt service coverage ratio (DSCR). The Group has satisfied all debt covenants prescribed in the terms of bank loans.

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

## Note 15 : Trade payables

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

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

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

## Note 16A : Other current financial liabilities

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

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

(All amounts in ₹ Crores, unless otherwise stated)

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

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

## Note 17: Other current liabilities

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

## Note 18 : Provisions

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

## Note 19 : Tax Expenses

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

### Consolidated Statement of profit and loss:

#### Profit and loss section

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

#### OCI section

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

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

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

(All amounts in ₹ Crores, unless otherwise stated)

## Note 19 : Tax Expenses (Contd..)

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

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

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

The balance comprises temporary differences attributable to:

Deferred tax relates to the following :

### Balance sheet

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

Reconciliation of deferred tax liability:

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

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

(All amounts in ₹ Crores, unless otherwise stated)

## Note 19 : Tax Expenses (Contd..)

### Reconciliation of deferred tax liability: (Contd..)

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

During the year ended March 31, 2020 and March 31, 2019, the Group has paid dividend to its shareholders. This has resulted in payment of DDT to the taxation authorities. The Group believes that DDT represents additional payment to taxation authority on behalf of the shareholders. Hence DDT paid is charged to equity.

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

## Note 20 : Revenue from operations

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

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

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

## Note 21 : Other income

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

## Note 22A : Cost of materials consumed

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

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

(All amounts in ₹ Crores, unless otherwise stated)

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

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

#### Note 23 : Employee benefit expense

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

#### Note 24 : Other expenses

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

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

(All amounts in ₹ Crores, unless otherwise stated)

## Note 24 : Other expenses (Contd..)

	March 31, 2020	March 31, 2019
Impairment loss on financial assets	17.45	4.95
Corporate social responsibility expenditure	6.12	5.17
Consultancy charges	1.14	1.89
Miscellaneous expenses (mainly includes printing , communication , postage , office expenses etc.)	46.77	40.19
	<b>381.36</b>	<b>374.49</b>

## Notes 25 : Finance costs

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

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

## Note 26 : Depreciation and amortization expense

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

## Note 27 : Earnings per share (EPS)

	March 31, 2020	March 31, 2019
<b>Basic and diluted EPS</b>		
Profit attributable to the equity holders of the company for basic and diluted EPS	267.43	261.61
Weighted average number of equity shares for basic and diluted EPS	9,04,90,055	9,04,90,055
Basic and Diluted EPS attributable to the equity holders of the company (₹ )	<b>29.55</b>	<b>28.91</b>
Nominal value of shares (₹)	<b>2.00</b>	<b>2.00</b>

## Note 28: Employee Benefit obligations

### Post-employment obligations

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

The holding company and some of its Indian Subsidiaries operates a defined benefit gratuity plan namely gratuity for its employees. Under the gratuity plan, every employee who has completed at least 5 years of service gets a gratuity on departure @ 15 days (minimum) of the last drawn salary for each year of service. The scheme is funded with insurance companies in the form of qualifying insurance policy.

The fund has the form of a trust and it is governed by the Board of Trustees, which consists of an equal number of employer and employee representatives. The Board of Trustees is responsible for the administration of the plan assets and for the definition of the investment strategy. Under the gratuity plan, Holding company makes contribution to Solar Industries India Limited employee group gratuity assurance scheme. Further one of the subsidiary in the group makes contribution to Economic Explosives Limited employee group gratuity assurance scheme.

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

(All amounts in ₹ Crores, unless otherwise stated)

## Note 28: Employee Benefit obligations (Contd..)

### Post-employment obligations (Contd..)

#### Gratuity and other post-employment benefit plan (Contd..)

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

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

#### Expense recognized in statement of Profit and Loss

	March 31, 2020	March 31, 2019
Net Service cost	1.34	1.22
Net interest cost	0.12	0.07
	<b>1.46</b>	<b>1.29</b>

#### Other Comprehensive Income

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

#### The amount recognized in Balance Sheet

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

#### Change in Present Value of Obligations

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

#### Change in Fair Value of Plan Assets

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



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

(All amounts in ₹ Crores, unless otherwise stated)

## Note 28: Employee Benefit obligations (Contd..)

### Post-employment obligations (Contd..)

#### Change in Fair Value of Plan Assets

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

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

The significant actuarial assumptions were as follows :

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

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

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

#### Actuarial assumptions

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

#### Sensitivity Analysis

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

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

#### Notes :

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

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

(All amounts in ₹ Crores, unless otherwise stated)

## Note 29 : Commitments and contingencies

### Capital Commitments

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

### Contingent liabilities

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

### Note a:

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

### Lease Commitments

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

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

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

## Note 30 : Related Party Disclosures

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

#### I Associates

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

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

ASTRA Resources Pty Limited

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

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

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

(All amounts in ₹ Crores, unless otherwise stated)

## Note 30: Related Party Disclosures (Contd..)

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

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

### IV Non executive directors\*

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

\* Non Executive Independent directors were only paid sitting fees for attending Board & Board Committee meetings for the year 2019-20. The Group has not entered into any other transactions with its Non Executive Independent Directors or the enterprises over which they have significant influence.

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

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

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

Commercial Sales Corporation  
Solar Enlightenment Foundation

### VII Other related parties

#### Post employment benefit plans

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

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

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

Nature of Transaction	March 31, 2020	March 31, 2019
<b>Purchase of raw material and components</b>		
Solar Synthetics Private Limited	0.03	0.08
<b>Total</b>	<b>0.03</b>	<b>0.08</b>
<b>Other Expenditure</b>		
Solar Synthetics Private Limited	0.15	0.19
<b>Total</b>	<b>0.15</b>	<b>0.19</b>
<b>Rent paid</b>		
Solar Synthetics Private Limited	0.07	0.06
AG Technologies Pvt. Ltd. (Rent) (refer note 30D)	0.32	-
Smt. Indiradevi Nuwal	0.01	0.02
<b>Total</b>	<b>0.40</b>	<b>0.08</b>

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

(All amounts in ₹ Crores, unless otherwise stated)

## Note 30: Related Party Disclosures (Contd..)

### B. Transactions with related parties during the year (Contd..)

Nature of Transaction	March 31, 2020	March 31, 2019
<b>Loans given during the year</b>		
ASTRA Resources Pty Limited	7.70	7.19
<b>Total</b>	<b>7.70</b>	<b>7.19</b>
<b>Loans repaid during the year</b>		
Commercial Sales Corporation	-	(0.63)
Shri Kailashchandra Nuwal (refer note 30D)	-	(0.06)
Shri Satyanarayan Nuwal	-	(0.73)
<b>Total</b>	<b>-</b>	<b>(1.42)</b>
<b>Interest Income</b>		
SMS Bhatgaon Mines Extension Private Limited	-	0.06
Solar Bhatgoan Extension Mines Private Limited	-	0.01
ASTRA Resources Pty Limited	1.06	0.23
<b>Total</b>	<b>1.06</b>	<b>0.30</b>
<b>Balance Written off</b>		
SMS Bhatgaon Mines Extension Private Limited	-	1.00
Solar Bhatgoan Extension Mines Private Limited	-	0.14
<b>Total</b>	<b>-</b>	<b>1.14</b>
<b>Donation made</b>		
Solar Enlightenment Foundation	-	0.62
<b>Total</b>	<b>-</b>	<b>0.62</b>
<b>Interest Paid</b>		
Commercial Sales Corporation	-	0.05
Shri Kailashchandra Nuwal* (refer note 30D)	-	0.00
Shri Satyanarayan Nuwal	-	0.05
<b>Total</b>	<b>-</b>	<b>0.10</b>

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

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

(All amounts in ₹ Crores, unless otherwise stated)

## Note 30: Related Party Disclosures (Contd..)

### B. Transactions with related parties during the year (Contd..)

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

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

#### Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended March 31, 2020, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2019: ₹ Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

# This aforesaid amount does not includes amount in respect of gratuity and leave since the actuarial valuation has been taken for the Group as a whole and individual amounts are not determinable.

### C. Balance outstanding at the year end were as follows:

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

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

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

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

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

(All amounts in ₹ Crores, unless otherwise stated)

#### Note 31: Segment Information

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

#### Geographical Information

The amount of the Group's revenue from external customers broken down by location of the customers is shown in the table below:

#### Revenue from external customers

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

The following is an analysis of the carrying amount of non-current assets, which do not include deferred tax assets, income tax assets and financial assets, analysed by the geographical area in which the assets are located:

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

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

#### Note 32: Fair Value Measurements

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

The Group has established the following fair value hierarchy that categorises the values into 3 levels. The inputs to valuation techniques used to measure fair value of financial instruments are:

Level 1: This hierarchy uses quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on Group specific estimates

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

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

1. The Group has not disclosed the fair values of financial instruments such as cash and cash equivalents, bank balances other than cash and cash equivalents, trade receivables, other financial assets (except derivatives) , trade payables and other financial liabilities (except derivatives) because their carrying amounts are a reasonable approximation of fair value. Further, for financial assets, the Group has taken into consideration the allowances for expected credit losses and adjusted the carrying values where applicable.
2. The fair values of the quoted investments/units of mutual fund schemes are based on market price/net asset value at the reporting date.
3. The Group holds derivative financial instruments to mitigate the risk of changes in exchange rates on foreign currency exposures and changes in interest rates. The counterparty for these contracts is generally a bank or a financial institution. These derivative financial instruments are valued based on inputs that are directly or indirectly observable in the marketplace. The valuation techniques used to value these derivatives include forward pricing and swap models, using present value calculations. These derivatives are marked

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

(All amounts in ₹ Crores, unless otherwise stated)

## Note 32: Fair Value Measurements (Contd..)

to market as on the valuation date. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognised at fair value.

4. The fair values for loans given are calculated based on discounted cash flows discounted using current lending rates and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken to account for expected losses of these receivables. Accordingly, fair value of such instruments are not materially different from their carrying values. They are classified as level 2 fair values in the fair value hierarchy.
5. Fair values of the Group's interest-bearing borrowings are determined by using discounted cash flow method using the current borrowing rates. Fair value of such instruments are not materially different from their carrying values, accordingly non-current borrowings are classified as level 2 fair values in the fair value hierarchy. The own non-performance risk as at March 31, 2020 was assessed to be insignificant.

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

	Carrying Value	Notes	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Financial assets</b>					
<b>Amortised cost</b>					
Loans	26.79	5	-	26.79	-
Other financial assets (except derivatives)	108.01	6	-	-	-
Trade receivables	370.32	7	-	-	-
Cash and cash equivalents	92.56	8	-	-	-
Bank balances other than cash and cash equivalents	27.58	8	-	-	-
<b>Fair value through profit and loss</b>					
Investment in equity instruments of others (unquoted)	0.12	4	-	0.12	-
Investment in Venture Capital Fund (unquoted)	2.14	4	-	2.14	-
Investment in equity instruments (quoted)	0.02	4	0.02	-	-
Investment in mutual funds	0.07	4	0.07	-	-
<b>Fair Value through profit and loss</b>					
Derivative Instruments	2.05	6	-	2.05	-
<b>Total Financial assets</b>	<b>629.66</b>		<b>0.09</b>	<b>31.10</b>	<b>-</b>
<b>Financial Liabilities</b>					
<b>Amortised cost</b>					
Borrowings					
Non-current	252.80	13	-	252.80	-
Current	357.37	14	-	357.37	-
Trade payables	154.43	15	-	-	-
Other financial liabilities (except derivatives)	161.97	16	-	-	-



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

(All amounts in ₹ Crores, unless otherwise stated)

## Note 32: Fair Value Measurements (Contd..)

	Carrying Value	Notes	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Fair Value through other comprehensive income</b>					
Derivative Instrument not designated as hedge	0.62	16	-	0.62	-
<b>Total Financial liabilities</b>	<b>927.19</b>		<b>-</b>	<b>610.79</b>	<b>-</b>

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

The carrying value and fair value of financial instruments by categories including the quantitative disclosures of fair value measurement hierarchy as at March 31, 2019 is as follows:

	Carrying Value	Notes	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Financial assets</b>					
<b>Amortised cost</b>					
Loans	16.41	5	-	16.41	-
Other financial assets (except derivatives)	107.68	6	-	-	-
Trade receivables	399.04	7	-	-	-
Cash and cash equivalents	61.00	8	-	-	-
Bank balances other than cash and cash equivalents	30.76	8	-	-	-
<b>Fair value through profit and loss</b>					
Investment in equity instruments of others (unquoted)	0.11	4	-	0.11	-
Investment in Venture Capital Fund (unquoted)	2.36	4	-	2.36	-
Investment in equity instruments (quoted)	0.05	4	0.05	-	-
Investment in mutual funds (quoted)	30.12	4	30.12	-	-
<b>Fair value through profit and loss</b>					
Derivative Instruments	0.91	6	-	0.91	-
<b>Fair value through other comprehensive income</b>					
Derivative Instruments	0.05	6	-	0.05	-
<b>Total Financial assets</b>	<b>648.49</b>		<b>30.17</b>	<b>19.84</b>	<b>-</b>
<b>Financial Liabilities</b>					
<b>Amortised cost</b>					
Borrowings					
Non-current	151.56	13	-	151.56	-
Current	312.92	14	-	312.92	-
Trade payables	163.30	15	-	-	-

# Notes to Consolidated Financial Statements for the year ended 31 March, 2020

(All amounts in ₹ Crores, unless otherwise stated)

## Note 32: Fair Value Measurements (Contd..)

The carrying value and fair value of financial instruments by categories including the quantitative disclosures of fair value measurement hierarchy as at March 31, 2019 is as follows: (Contd..)

	Carrying Value	Notes	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Other financial liabilities (except derivatives)	183.63	16	-	-	-
<b>Fair value through profit and loss</b>					
Derivative Instruments not designated as hedge	6.36	16	-	6.36	-
<b>Total Financial liabilities</b>	<b>817.77</b>		<b>-</b>	<b>470.84</b>	<b>-</b>

There have been no transfers among Level 1, Level 2 and Level 3 during the previous year.

## Note 33: Financial risk management objectives and policies

"The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables, and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The Group's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations. The Group also holds FVTPL investments and enters into derivative transactions. It has an integrated financial risk management system which proactively identifies monitors and takes precautionary and mitigation measures in respect of various identified risks."

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks, which evaluates and exercises independent control over the entire process of financial risks. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

Risk	Exposure arising from	Measurement	Management
Market Risk- Interest rate risk	Borrowings Term Deposits	Sensitivity Analysis	Interest Rate Swaps
Market Risk-Foreign Exchange	Recognized financial assets and liabilities not denominated in INR	Cash Flow Analysis Sensitivity Analysis	Foreign-exchange options contracts/forward
Market Risk- Equity price risk	Investment in Equity Securities mutual funds and venture capital fund	Sensitivity Analysis	Portfolio Diversification
Credit Risk	Cash and Cash equivalents, loans given, trade receivables and investments	Ageing Analysis Credit Analysis	Diversification of credit limits and letters of credit and Bank guarantee
Liquidity Risk	Borrowing, trade payables and other financial liabilities	Cash Flow forecasts	Availability of credit limits and borrowing facilities

### Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings, deposits, FVTPL investments and derivative financial instruments. Market risk is attributable to all market risk sensitive financial instruments. The finance department undertakes management of cash resources, hedging strategies for foreign currency exposures, borrowing mechanism and ensuring compliance with market risk limits.

# Notes to Consolidated Financial Statements for the year ended 31 March, 2020

(All amounts in ₹ Crores, unless otherwise stated)

## Note 33: Financial risk management objectives and policies (Contd..)

### Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The Group is not very significantly exposed to interest rate risks except the variations in LIBOR rates as most of borrowings are linked to LIBOR. To manage this, the Group enters into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount.

Name of the instrument	Currency	March 31, 2020	March 31, 2019
<b>Derivatives designated as hedge</b>			
Interest rate swap *	USD	0.01	0.00

\* Amount is less than USD 0.01 Crore in March 31, 2019

0.5% changes in LIBOR will increase/ decrease the borrowing cost by ₹ 2.01 (Pre-tax)

0.5% changes in interest rate will increase/ decrease the borrowing cost by ₹ 0.36 (Pre-tax)

The Group has investment in Bank deposits and hence is exposed to Interest rate sensitivity.

0.5% changes in interest rate will increase/decrease interest income by ₹ 0.14 .

### Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities and the Group's net investments in foreign subsidiaries.

When a derivative is entered into for the purpose of being a hedge, the Group negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency. The Group hedges its exposure to fluctuations on the translation into INR of its foreign operations by holding net borrowings in foreign currencies and by using foreign currency swaps.

### Unhedged foreign currency exposures

#### a) Derivative outstanding as at the reporting date

The Group has borrowings in foreign currency amounting to ₹ 70.04 (March 31, 2019: ₹ 214.42). Accordingly, in order to hedge the foreign currency risk on these borrowings, the Group has taken foreign exchange forward contracts, which are as follows:

Nominal value of forward contracts & option contracts that hedge monetary liabilities in foreign currencies, and for which no hedge accounting is applied, are recognised in the Statement of profit and loss.

Name of the instrument	Currency	March 31, 2020	March 31, 2019
<b>Derivatives not designated as hedge</b>			
Forward contract	USD	-	2.05
Seagull	USD	0.12	-
Call spread	USD	0.53	0.84

# Notes to Consolidated Financial Statements for the year ended 31 March, 2020

(All amounts in ₹ Crores, unless otherwise stated)

## Note 33: Financial risk management objectives and policies (Contd..)

Unhedged foreign currency exposure as at the reporting date expressed in INR are as follows:

	March 31, 2020		March 31, 2019		
	USD	SEK	USD	EURO	SEK
Trade Receivable	135.51	-	114.44	5.05	-
Loans and other receivable	1.71	-	2.56	0.06	-
Cash and Cash equivalents	5.38	-	7.31	0.07	-
Borrowings	260.81	-	146.06	-	-
Capital Creditors	-	-	-	0.08	0.20
Trade Payables	85.31	0.16	59.46	0.11	-

1% increase or decrease in foreign exchange rates will have the following impact on profit before tax:

	March 31, 2020	March 31, 2019
USD	(2.04)	(0.81)
EURO	-	0.05
SEK*	(0.00)	(0.00)

\* Amount is less than SEK 0.01

### Equity price risk

The Group's listed and non-listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

Following are the details of investments which are subject to price risk:

	March 31, 2020	March 31, 2019
Investment in equity shares (quoted)	0.02	0.05
Investment in mutual funds	0.07	30.12

The impact of increases/ decreases of the BSE/ NSE index on the Group's equity shares and mutual funds and gain/ loss for the period would be ₹ 0.00\* (March 31, 2019: ₹ 0.30). The analysis is based on the assumption that the index has increased by 1% or decreased by 1% with all other variables held constant, and that all the Group's investments having price risk moved in line with the index.

\* Amount is less than ₹ 0.01

### Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Group only deals with parties which has good credit rating/ worthiness given by external rating agencies or based on Group's internal assessment.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans or receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised as income in the statement of profit and loss.

**Cash and cash equivalents and deposits:** Balances and deposits with banks are subject to low credit risks due to good credit ratings assigned to the banks.

**Loans:** The Group has given loans to subsidiaries and certain unrelated parties. However there is no counter party risk. (refer Note 5 for details)

# Notes to Consolidated Financial Statements

(All amounts in ₹ Crores, unless otherwise stated)

## Note 33: Financial risk management objectives and policies (Contd..)

### Credit risk (Contd)

**Investments:** The Group limits its exposure to credit risk by generally investing in liquid securities and counterparties that have a good credit ratings. The Group does not expect any credit losses from non-performance by these counter parties, and does not have any significant concentration of exposures to specific industry sectors.

### Trade and other receivables:

The Group measures the expected credit loss of trade receivables and loans from individual customers based on historical trend, industry practices and the business environment in which the entity operates. Loss rates are based on actual credit loss experience and past trends.

The ageing analysis of the receivables (gross of provisions) has been considered from the date the invoice falls due:

Period	Upto 60 days	61 to 120 days	More than 120 days	Total
As at March 31, 2020	225.18	60.46	123.25	<b>408.89</b>
As at March 31, 2019	254.45	90.04	77.12	<b>421.61</b>

The following table summarizes the changes in the Provisions made for the receivables:

	March 31, 2020	March 31, 2019
Opening balance	22.57	31.63
Provided/(reversal) during the year	17.45	3.60
Utilisation of provisions	-	(11.73)
Currency translation difference	(1.45)	(0.93)
<b>Closing balance</b>	<b>38.57</b>	<b>22.57</b>

No significant changes in estimation techniques or assumptions were made during the reporting period.

### Liquidity risk

Liquidity risk is the risk that the Group will not be able to settle or meet its obligations on time or at a reasonable price. The Group's finance department is responsible for liquidity, funding as well as settlement management and then processes related to such risks are overseen by senior management through rolling forecasts on the basis of expected cash flows.

### Maturity profile of financial liabilities

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
<b>As at March 31, 2020</b>						
Borrowings						
From Banks	116.00	189.30	140.68	226.08	-	672.06
From Others	-	-	3.81	-	-	3.81
Deferred Purchase Consideration (Gross)	-	2.01	4.56	34.36	-	40.93
Sales Tax Deferral Loan	-	0.13	-	0.23	-	0.36
Trade payables	0.04	104.61	49.74	0.04	-	154.43
Other financial liabilities (excluding derivatives and lease liabilities)	0.21	26.19	24.91	-	-	51.31
Derivative Instruments	-	-	-	0.62	-	0.62
Lease Liability(Gross)	-	1.36	3.96	6.39	24.96	36.67

# Notes to Consolidated Financial Statements for the year ended 31 March, 2020

(All amounts in ₹ Crores, unless otherwise stated)

## Note 33: Financial risk management objectives and policies (Contd..)

### Maturity profile of financial liabilities (Contd..)

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
<b>As at March 31, 2019</b>						
Borrowings						
From Banks	28.11	30.18	381.99	124.90	-	565.18
From Others	3.52	-	-	-	-	3.52
Deferred Purchase Consideration (Gross)	-	1.84	3.52	37.40	-	42.76
Sales Tax Deferral Loan	-	0.12	-	0.35	-	0.47
Trade payables	1.33	103.32	58.65	-	-	163.30
Other financial liabilities (excluding derivatives)	0.06	19.54	24.58	0.53	-	44.71
Derivative Instruments	-	1.25	5.11	-	-	6.36

## Note 34: Capital Management

For the purpose of the Group's capital management, capital includes issued equity capital, securities premium and all other equity reserves attributable to the equity holders. The primary objective of the Group's capital management is to maximise the shareholder value. The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, interest bearing loans and borrowings, less cash and cash equivalents.

	March 31, 2020	March 31, 2019
Net debt	607.56	499.81
Equity	1,380.09	1,238.33
Capital and net debt	<b>1,987.65</b>	<b>1,738.14</b>
<b>Net Gearing ratio</b>	<b>30.57%</b>	<b>28.76%</b>

### Calculation of net debt is as follows:

	March 31, 2020	March 31, 2019
<b>Borrowings</b>		
Non-Current	252.80	151.56
Current	357.37	312.92
Current maturities of long-term debt	97.96	138.92
	<b>708.13</b>	<b>603.40</b>
Cash and cash equivalents and Bank balance (excluding earmarked balances with banks and margin money)	100.55	73.51
Current Investments	0.02	30.08
	<b>100.57</b>	<b>103.59</b>
<b>Net Debt</b>	<b>607.56</b>	<b>499.81</b>

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current year.

No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2020.

# Notes to Consolidated Financial Statements for the year ended 31 March, 2020

(All amounts in ₹ Crores, unless otherwise stated)

**Note 35: Additional information, as required under schedule III to the companies act, 2013, of enterprises consolidated as subsidiaries/associates/joint ventures**

Name of the entity	Net Assets, i.e. total assets minus total liabilities		Share in profit or loss (Total comprehensive Income)	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount
1	2	3	4	5
<b>(A) Solar Industries India Ltd.</b>	49.92%	1,021.38	84.01%	212.75
		<b>1,021.38</b>		<b>212.75</b>
<b>(B) Indian subsidiaries -</b>				
1. Economic Explosives Limited	22.16%	453.37	27.82%	70.46
2. Blastec (India) Private Limited	-0.08%	(1.60)	-1.75%	(4.43)
3. Emul Tek Private Limited	-0.03%	(0.58)	-0.20%	(0.50)
4. Solar Defence Limited*	0.00%	0.04	0.00%	(0.00)
5. Solar Defence Systems Limited*	0.00%	0.04	0.00%	(0.00)
		<b>451.27</b>		<b>65.53</b>
<b>(C) Overseas subsidiaries</b>				
1. Solar Mining Services Pty Limited, South Africa	0.73%	14.93	-22.08%	(55.91)
2. Nigachem Nigeria Limited	2.20%	45.08	3.21%	8.12
3. Solar Overseas Netherlands B.V.	2.96%	60.47	-1.72%	(4.36)
4. Solar Explochem Zambia Limited	3.06%	62.65	9.50%	24.05
5. Solar Patlayici Maddeler Sanayi Ve Ticaret Anonim Sirketi	3.39%	69.43	4.34%	10.98
6. P.T. Solar Mining Services	0.14%	2.85	0.00%	-
7. Solar Explochem (Ghana) Limited	0.00%	-	0.00%	-
8. PATSAN Patlayici Maddeler Sanayi Ve Ticaret Anonim Sirketi	0.00%	-	0.00%	-
9. Solar Nitro Ghana Limited	0.29%	5.87	0.06%	0.14
10. Solar Madencilik Hizmetleri A.S	0.21%	4.36	0.71%	1.80
11. Solar Overseas Netherlands Cooperative U.A	5.92%	121.07	-3.40%	(8.61)
12. Solar Overseas Singapore Pte Ltd	0.11%	2.16	-0.07%	(0.17)
13. Solar Industries Africa Limited	-0.06%	(1.22)	-0.36%	(0.90)
14. Solar Nitro Zimbabwe (Private) Limited	0.00%	-	0.00%	-
15. Solar Nitrochemicals Limited	0.29%	5.87	-0.07%	(0.19)
16. Solar Mining Services Pty Ltd, Australia	-1.06%	(21.65)	-5.57%	(14.11)
17. Solar Industrias Mozambique LDA	0.00%	-	0.00%	-
18. Solar Mining Services CI SARL, Ivory Coast*	0.00%	0.01	0.00%	(0.00)
19. Laghe Venture Company Limited	0.05%	0.92	0.09%	0.23
20. Solar Overseas Mauritius Limited (Standalone)	9.80%	200.47	5.49%	13.90
		<b>573.27</b>		<b>(25.03)</b>
<b>(D) Minority Interests in all subsidiaries</b>	1.64%	33.58	2.64%	6.69
		<b>33.58</b>		<b>6.69</b>
<b>(F) Entities with Joint control or significant influence over the entity</b>				
Astra Resources Pty Ltd	-0.07%	(1.52)	-0.23%	(0.59)
		<b>(1.52)</b>		<b>(0.59)</b>

\*Amount is less than ₹ 0.01 in March 31, 2020



# Notes to Consolidated Financial Statements for the year ended 31 March, 2020

(All amounts in ₹ Crores, unless otherwise stated)

## Note 36: Revenue from operations:

### a. Principal revenue generation activity

The Group is engaged in the manufacturing of complete range of industrial explosives, explosive initiating devices and high energy materials for defence applications.

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

### b. Disaggregated Revenue information

The Group is domiciled in India. The amount of its revenue from external customers broken down by location of the customers is shown in the table below:

	March 31, 2020	March 31, 2019
India	1,287.95	1,413.61
Outside India	877.48	975.76
<b>Total</b>	<b>2,165.43</b>	<b>2,389.37</b>

### c. Contract balances

The timing of revenue recognition, billings and cash collection results in trade receivables, and billings in excess of costs and estimated earnings on uncompleted contracts (contract liabilities) on the balance sheet as at March 31, 2020.

The Group discloses receivables from contracts with customer separately in the balance sheet. To comply with the other disclosures requirements for contract assets and contract liabilities following information is disclosed.

	March 31, 2020	March 31, 2019
Trade Receivables	370.32	399.04
Contract Liabilities	21.31	18.57

### d. Reconciling the amount of revenue recognised in statement of profit and loss with the contracted price

	March 31, 2020	March 31, 2019
Revenue as per contracted price	2,205.47	2,427.42
Adjustments for:		
Rebates, Discounts and powder factor	(40.04)	(38.05)
<b>Revenue from contract with customers</b>	<b>2,165.43</b>	<b>2,389.37</b>

### e. Transaction price allocated to the remaining performance obligations

Remaining unsatisfied performance obligations represent the transaction price for goods and services for which the Group has a material right but work has not been performed. Transaction price of the order backlog includes the base transaction price, variable consideration and changes in transaction price. The transaction price of order backlog related to unfilled, confirmed customer orders is estimated at each reporting date. As of March 31, 2020, the aggregate amount of the transaction price allocated to order backlog was ₹ 1,337.90. The Group expects to recognise revenue within the range from 90% to 95% of the order backlog through 2020-21.

# Notes to Consolidated Financial Statements for the year ended 31 March, 2020

(All amounts in ₹ Crores, unless otherwise stated)

## Note 37: Research & Development Expenditure

	March 31, 2020	March 31, 2019
Revenue Expenditure	11.51	14.28
Capital Expenditure	2.32	5.40
<b>Total</b>	<b>13.83</b>	<b>19.68</b>

- Capital Expenditure incurred on Research & Development is included in Property, Plant and Equipments and depreciation is provided on the same at the respective applicable rates.
- Revenue expenditure incurred on Research & Development has been included in the respective account heads in the statement of profit and loss.

**Note 38 :** The outbreak of Coronavirus (COVID-19) pandemic globally and in India is causing significant disturbance and slowdown of economic activity. In many countries, businesses are being forced to cease or limit their operations for long or indefinite periods of time. Measures taken to contain the spread of the virus includes travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. COVID-19 is significantly impacting business operation of the companies in India. On 24th March 2020, the Government of India announced a nationwide lockdown for 21 days which got further extended multiple times to prevent community spread of COVID-19 resulting in significant reduction in economic activities.

The Group operates in various geographies; where the impact of the pandemic on account of such measures taken by the Government was not severe as at March 31, 2020. In some of the locations, the Group's products are classified as essential goods, where the respective locations have continued their operations. The Group has made an assessment of the impact of the pandemic on its operations and the carrying value of current and non-current assets, based on the internal and external sources of information and indicators of economic forecasts. Based on such assessment, the Group is confident of recovering the carrying value of these assets as at March 31, 2020.

The future impact of the global health pandemic may be different from that estimated as at the date of approval of these consolidated financial statements and the Group will continue to closely monitor any material changes to future economic conditions.

**Note 39 :** The financial statements were approved for issue by the Board of Directors on July 31, 2020

As per our report of even date attached

For **Akshay Rathi & Associates**

Chartered Accountants  
ICAI Firm Registration  
Number:139703W

For **S R B C & CO LLP**

Chartered Accountants  
ICAI Firm Registration  
Number: 324982E/E300003

For and on behalf of the Board of Directors of  
**Solar Industries India Limited**

per **Akshay Rathi**

Proprietor  
Membership No.- 161910

per **Pramod Kumar Bapna**

Partner  
Membership No.- 105497

**S.N. Nuwal**

Chairman &  
Executive Director  
DIN: 00713547

**Manish Nuwal**

Managing Director &  
CEO  
DIN: 00164388

**Khushboo Pasari**

Company Secretary  
Membership No.- F7347

**Nilesh Panpaliya**

Chief Financial Officer

**Place :** Nagpur

**Date :** July 31, 2020

**Place :** Mumbai

**Date :** July 31, 2020

**Place :** Nagpur

**Date :** July 31, 2020

# Sailent features of financial Statement of Subsidiaries / Associates as per section 129 (3) of the Companies Act, 2013, Read with rule 5 of companies (accounts) rules, 2015 in the prescribed form AOC-1

## Part "A": Subsidiaries

(All amounts in ₹ Crores, unless otherwise stated)

Sr No	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Name of Subsidiaries Particulars	Economic Explosives Ltd	Blastec India Private Limited	Emul Tek Private Limited	Solar Defence Limited	Solar Defence Systems Limited	Solar Overseas Mauritius Ltd	Solar Overseas Netherlands Cooperative U.A.	Solar Overseas B.V.	Solar Overseas Netherlands Singapore Pte Ltd	Nigachem Nigeria Ltd	Solar Explochem Zambia Ltd	Solar Africa Limited	PT.Solar Mining Services	Solar Mining Services Pvt Ltd	Solar Mining Services Pty Limited (Formerly known as Australian Explosive Technologies Group Pty Ltd)	Solar Nitro Chemicals Limited	Solar Nitro Ghana Limited	Solar Madencilik Hizmetleri A.S	Solar Zimbabwe Private Limited	Solar Putaylci Maddeler San. Ve Tic. Ano Limited	Solar Laghe Venture Company Limited	Solar Mining Services Cote d'Ivoire
Reporting Currency	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR
<b>Exchange Rate</b>																						
Capital	4.80	9.90	4.98	0.05	0.05	106.65	126.10	97.90	3.55	8.64	0.02	0.84	4.48	94.79	0.00	77.2	5.96	0.87	0.00	13.93	0.05	0.01
Reserves	448.57	(11.50)	(5.56)	(0.01)	(0.01)	93.82	(5.02)	(37.43)	(1.39)	36.44	62.63	(2.05)	(1.63)	(79.86)	(21.65)	(1.85)	(0.09)	3.49	-	55.50	0.87	(0.00)
Total Assets	678.73	15.40	2.48	0.04	0.04	565.47	258.99	123.43	5.28	190.04	121.73	22.21	2.92	224.40	78.90	11.84	35.45	17.85	0.00	169.39	12.78	0.01
Total Liabilities	678.73	15.40	2.48	0.04	0.04	565.47	258.99	123.43	5.28	190.04	121.73	22.21	2.92	224.40	78.90	11.84	35.45	17.85	0.00	169.39	12.78	0.01
Details of Investments (Except investments in subsidiaries)																						
Turnover	422.03	27.49	0.00	0.00	0.00	1.46	-	-	-	183.27	114.63	-	-	78.61	3.60	-	2.68	80.05	-	256.47	10.29	-
Profit before Taxation	85.99	(4.46)	(0.47)	(0.00)	(0.00)	16.63	(8.61)	(4.36)	(0.17)	22.67	47.04	(0.90)	-	(89.56)	(20.26)	(0.29)	0.21	2.30	-	13.58	0.59	(0.00)
Provision for Taxation	15.86	(0.04)	0.03	(0.00)	(0.00)	2.73	-	-	-	7.91	10.04	-	-	(25.11)	(1.69)	-	0.05	0.50	-	2.59	0.18	-
Profit after Taxation	7013	(4.43)	(0.50)	(0.00)	(0.00)	13.90	(8.61)	(4.36)	(0.17)	14.76	37.00	(0.90)	-	(64.45)	(18.57)	(0.29)	0.16	1.80	-	10.98	0.41	(0.00)
Proposed Dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
% of Shareholding	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
<b>Fellow Subsidiaries</b>																						

## Part "B" Associates

### Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies

SMS Bhatgaon Mines Extension Private Limited and Solar Bhatgaon Extension Mines Private Limited, Associates of the Company are under the process of striking off.

For and on behalf of the Board of Directors of

**Solar Industries India Limited**

**S.N. Nuwal**  
Chairman &  
Executive Director  
DIN: 00713547

**Manish Nuwal**  
Managing Director &  
Chief Executive Officer  
DIN: 00164388

**Khushboo Pasari**  
Company Secretary  
Compliance Officer  
Membership No.- F7347

**Nilesh Pampaliya**  
Chief Financial Officer

**Place :** Nagpur  
**Date :** July 31, 2020

## Notice

Notice is hereby given that the **Twenty Fifth Annual General Meeting** of the members of Solar Industries India Limited (CIN: L74999MH1995PLC085878) will be held on Wednesday the 16<sup>th</sup> day of September, 2020 at 11:30 a.m. through Video Conferencing/ Other Audio Visual Means ("VC/OAVM") Facility to transact following business:

### Ordinary Business:

#### ITEM NO. 1

##### Adoption of Financial Statements

To receive, consider and adopt the Audited Financial Statements (including Audited Consolidated Financial Statement) of the Company for the financial year ended on March 31, 2020 and the Reports of the Board of Directors and Auditors thereon.

#### ITEM NO. 2

##### Final Dividend

To declare a Final Dividend of Rs. 6/- (Rupees six only) per equity share for the financial year ended on March 31, 2020.

#### ITEM NO. 3

##### Appointment of Shri Suresh Menon (DIN: 07104090) as a Director liable to retire by rotation:

To appoint a Director in place of Shri Suresh Menon (DIN: 07104090), who retires by rotation, and being eligible, offers himself for re-appointment.

### Special Business:

#### ITEM NO.4

##### Appointment of Shri Sunil Srivastav (DIN: 00237561) as an Non Executive Independent Director of the Company

To consider and if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 and Regulation 16(1)(b) and other applicable provisions of SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force), Shri Sunil Srivastav, a Director of the Company who has submitted a declaration that he meets the criteria of independence as provided under Section 149(6) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements)

Regulations, 2015 be appointed as a Non-Executive Independent Director of the Company, not liable to retire by rotation, to hold office for a term of 2 (Two) consecutive years up to the conclusion of the 27<sup>th</sup> Annual General Meeting to be held in the year 2022.

**RESOLVED FURTHER THAT** the Board of Directors and/or Mrs. Khushboo Pasari, Company Secretary and Compliance Officer of the Company be and are hereby authorised to do all such acts deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution."

#### ITEM NO.5

##### Re-appointment of Shri Anil Kumar Jain (DIN: 03532932) as an Executive Director of the Company & revision in terms of his remuneration

To consider and if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the recommendation of the Nomination and Remuneration Committee, and approval of the Board and subject to the provisions of Section 152, and other applicable provisions of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), approval of the members be and is hereby accorded to re-appoint Shri Anil Kumar Jain (DIN:03532932) as a Director designated as an Executive Director of the Company, liable to retire by rotation for a period of 1 (one) year from the expiry of his present term of office, i.e., conclusion of the 25<sup>th</sup> Annual General Meeting till the conclusion of 26<sup>th</sup> Annual General Meeting of the Company on the terms and conditions as set out in the explanatory statement annexed to the notice, with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall include Nomination and Remuneration Committee of the Board) to alter and vary the terms and conditions of the said re-appointment and / or remuneration as it may deem fit.

**RESOLVED FURTHER THAT** the Board of Directors (including any Committee thereof ) be and are hereby authorised to revise his salary within the salary scale fixed and approved by the shareholders, increasing thereby, proportionately, all benefits related to the quantum of salary, with further liberty to the Board of Directors of the Company to alter and vary the said terms and conditions, without further reference to the shareholders of the Company, in such manner as may be agreed to between the Board of Directors and Shri Anil Kumar Jain.

**RESOLVED FURTHER THAT** the remuneration payable to Shri Anil Kumar Jain shall not exceed the overall ceiling of the total managerial remuneration as provided under Section 197 of the Companies Act, 2013 or such other limits as may be prescribed from time to time.

**RESOLVED FURTHER THAT** the Board of Directors and/or Mrs. Khushboo Pasari, Company Secretary and Compliance Officer of the Company be and are hereby authorised to do all such acts deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution.”

#### ITEM NO.6

**Re-appointment of Smt. Madhu Vij (DIN: 00025006) as a Non-Executive Independent Director of the Company to hold office for a Second term of 5(Five) Years consecutive years**

To consider and if thought fit, to pass with or without modification, the following resolution as a **Special Resolution**:

**“RESOLVED THAT** pursuant to the recommendation of the Nomination and Remuneration Committee and the Board and subject to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Regulation 16(1)(b) and other applicable regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) and/or re-enactment(s) thereof for the time being in force), Smt. Madhu Vij (DIN: 00025006), who was appointed as a Non-Executive Independent Director from the conclusion of the 20<sup>th</sup> Annual General Meeting up to the conclusion of 25<sup>th</sup> Annual General Meeting and who has submitted a declaration that she meets the criteria of independence under Section 149(6) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and who is being eligible for re-appointment for a second term, be and is hereby re-appointed as a Non-Executive Independent Director of the Company, not

liable to retire by Rotation and to hold office for second term of 5 (Five) consecutive years with effect from the conclusion of this 25<sup>th</sup> Annual General Meeting upto 30<sup>th</sup> Annual General Meeting.”

**RESOLVED FURTHER THAT** the Board of Directors and/or Mrs. Khushboo Pasari, Company Secretary and Compliance Officer of the Company be and are hereby authorised to do all such acts deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution.”

#### ITEM NO.7

**Ratification of Cost Auditor’s Remuneration for the financial year ended March 31, 2021**

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), and recommendation of the Audit Committee, the remuneration, as approved by the Board of Directors and set out in the Statement annexed to the Notice convening this Meeting, to be paid to M/s. Khanuja Patra & Associates, Nagpur, the Cost Auditors appointed by the Board of Directors of the Company, to conduct the audit of cost records of the Company for the financial year ending March 31, 2021, be and is hereby ratified.

**RESOLVED FURTHER THAT** the Board of Directors and/or Mrs. Khushboo Pasari, Company Secretary and Compliance Officer of the Company be and are hereby authorised to do all such acts deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution.”

By Order of the Board of Directors,  
For **Solar Industries India Limited**

**(Khushboo A. Pasari)**  
Company Secretary & Compliance Officer

**Date:** July 31, 2020

**Place:** Nagpur

#### Registered office:

“Solar” House, 14,  
Kachimet, Amravati Road,  
Nagpur - 440023 (MH).  
CIN: L74999MH1995PLC085878  
Email id: [investor.relations@solargroup.com](mailto:investor.relations@solargroup.com)  
Website: [www.solargroup.com](http://www.solargroup.com)  
Telephone No.: 0712-6634555

### NOTES:

**1. The respective Explanatory Statements, pursuant to Section 102 of the Companies Act, 2013, in respect of the business under Item Nos. 4 to 7 of the accompanying Notice are annexed hereto.**

**2. General instructions for accessing and participating in the 25<sup>th</sup> Annual General Meeting (AGM) through VC/OAVM Facility and voting through electronic means including remote e-Voting:**

- a. In view of the outbreak of the COVID-19 pandemic, social distancing norms to be followed and the continuing restriction on movement of persons at several places in the country and pursuant to General Circular Nos.14/2020, 17/2020 and 20/2020 dated 8<sup>th</sup> April 2020, 13<sup>th</sup> April 2020 and 5<sup>th</sup> May 2020, respectively, issued by the Ministry of Corporate Affairs ("MCA Circulars") and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12<sup>th</sup> May 2020 issued by the Securities and Exchange Board of India ("SEBI Circular") and in compliance with the provisions of the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the 25<sup>th</sup> AGM of the Company is being conducted through VC/OAVM Facility, which does not require physical presence of members at a common venue. The deemed venue for the 25<sup>th</sup> AGM shall be the Registered Office of the Company.
- b. In terms of the MCA Circulars, since the physical attendance of Members has been dispensed with, there is no requirement of appointment of proxies. Accordingly, the facility of appointment of proxies by Members under Section 105 of the Act will not be available for the 25<sup>th</sup> AGM. However, in pursuance of Section 112 and Section 113 of the Act, representatives of the Members may be appointed for the purpose of voting through remote e-Voting, for participation in the 25<sup>th</sup> AGM through VC/OAVM Facility and e-Voting during the 25<sup>th</sup> AGM. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
- c. Institutional / Corporate Shareholders (i.e. other than individuals / HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/Authorization etc., authorizing its representative to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting. The said Resolution/Authorization shall be sent to the Scrutinizer by email through its registered email address to [investor.relations@solargroup.com](mailto:investor.relations@solargroup.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). In line with the MCA Circulars and SEBI Circular, the Notice of the 25<sup>th</sup> AGM will be available on the website of the Company at [www.solargroup.com](http://www.solargroup.com), on the website of BSE Limited at [www.bseindia.com](http://www.bseindia.com) and

National Stock Exchange of India Limited at [www.nseindia.com](http://www.nseindia.com) and also on the website of NSDL at [www.evoting.nsdl.com](http://www.evoting.nsdl.com).

- d. Since the AGM will be held through VC/OAVM Facility, the Route Map is not annexed in this Notice.
- e. National Securities Depositories Limited ("NSDL") will be providing facility for voting through remote e-Voting, for participation in the 25<sup>th</sup> AGM through VC/OAVM Facility and e-Voting during the 25<sup>th</sup> AGM.
- f. Members may join the 25<sup>th</sup> AGM through VC/OAVM Facility by following the procedure as mentioned below which shall be kept open for the Members from 11:15 a.m. IST i.e. 15 minutes before the time scheduled to start the 25<sup>th</sup> AGM and the Company may close the window for joining the VC/OAVM Facility 30 minutes after the scheduled time to start the 25<sup>th</sup> AGM.
- g. Members may note that the VC/OAVM Facility, provided by NSDL, allows participation of at least 1,000 (one thousand only) Members on a first-come-first-served basis. The large shareholders (i.e. shareholders holding 2% or more shareholding), promoters, institutional investors, directors, key managerial personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, auditors, etc. can attend the 25<sup>th</sup> AGM without any restriction on account of first-come first-served principle.
- h. Attendance of the Members participating in the 25<sup>th</sup> AGM through VC/OAVM Facility shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
- i. Pursuant to the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended), Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India ("ICSI") and Regulation 44 of Listing Regulations read with MCA Circulars and SEBI Circular, the Company is providing remote e-Voting facility to its Members in respect of the business to be transacted at the 25<sup>th</sup> AGM and facility for those Members participating in the 25<sup>th</sup> AGM to cast vote through e-Voting system during the 25<sup>th</sup> AGM.
- j. Pursuant to Finance Act 2020, dividend income will be taxable in the hands of shareholders w.e.f. April 1, 2020 and the Company is required to deduct tax at source from dividend paid to shareholders at the prescribed rates. For the prescribed rates for various categories, the shareholders are requested to refer to the Finance Act, 2020 and amendments thereof. The shareholders are requested to update their PAN with the Company (in case of shares held in physical mode) and depositories (in case of shares held in demat mode).



A Resident individual shareholder with PAN and who is not liable to pay income tax can submit a yearly declaration in Form No. 15G/15H, to avail the benefit of non-deduction of tax at source by email to [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in) by 11:59 p.m. IST on September 1, 2020. Shareholders are requested to note that in case their PAN is not registered, the tax will be deducted at a higher rate of 20%.

Non-resident shareholders can avail beneficial rates under tax treaty between India and their country of residence, subject to providing necessary documents i.e. No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, Form 10F, any other document which may be required to avail the tax treaty benefits by sending an email to [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in). The aforesaid declarations and documents need to be submitted by the shareholders by 11:59 p.m. IST on September 1, 2020.

### 3. Instructions for Members for Remote e-Voting are as under:-

- The remote e-Voting period will commence on Sunday, September 13, 2020 (10:00 am IST) and end on Tuesday, September 15, 2020 (5:00 pm IST). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Wednesday, September 09, 2020 may cast their vote by remote e-Voting. The remote e-Voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.
- A person who is not a Member as on the cut-off date should treat this Notice of 25<sup>th</sup> AGM for information purpose only.
- The details of the process and manner for remote e-Voting are explained herein below

**Step 1:** Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com>

**Step 2:** Cast your vote electronically on NSDL e-Voting system.

#### Details on Step 1 are mentioned below:

How to Log-in to NSDL e-Voting website?

- Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
- Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
- A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

*Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing ID as login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2, i.e. Cast your vote electronically.*

IV. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example, if your DP ID is IN300*** and Client ID is 12***** then your User ID is IN300***12*****
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example, if your Beneficiary ID is 12***** then your User ID is 12*****
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

V. Your password details are given below:

- If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
- How to retrieve your 'initial password'?
  - If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the.pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The.pdf file contains your 'User ID' and your 'initial password'.



- b. If your email ID is not registered, your 'initial password' is communicated to you on your registered address.
- VI. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
  - a) Click on "Forgot User Details/ Password?" (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - b) Physical User Reset Password?" (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address.
  - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
- VII. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
- VIII. Now, you will have to click on "Login" button.
- IX. After you click on the "Login" button, Home page of e-Voting will open.
- vi. Upon confirmation, the message "Vote cast successfully" will be displayed.
  - vii. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
  - viii. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.
- d. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-Voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990 or send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or contact Mr. Amit Vishal, Senior Manager, Ms. Pallavi Mhatre, Manager or National Securities Depository Ltd., Trade World, 'A' Wing, 4<sup>th</sup> Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013, at the designated email IDs: [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or [AmitV@nsdl.co.in](mailto:AmitV@nsdl.co.in) or [pallavid@nsdl.co.in](mailto:pallavid@nsdl.co.in) or at telephone nos. : +91-22-24994360 or +91-99202 64780 or +91-22-24994545 who will also address the grievances connected with the voting by electronic means. Members may also write to the Company Secretary at the Company's email address [investor.relations@solargroup.com](mailto:investor.relations@solargroup.com).

#### 4. Process for those Members whose email ids are not registered for procuring user id and password and registration of email ids for e-Voting on the resolutions set out in this Notice:

##### Details on Step 2 are given below:

How to cast your vote electronically on NSDL e-Voting system?

- i. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
- ii. After clicking on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
- iii. Select "EVEN" of the Company for which you wish to cast your vote.
- iv. Now you are ready for e-Voting as the Voting page opens.
- v. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/ modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
- a. Those Members, who hold shares in physical form or who have not registered their email address with the Company and who wish to participate in the 25<sup>th</sup> AGM or cast their vote through remote e-Voting or through the e-Voting system during the meeting, may obtain the login ID and password by sending scanned copy of: i) a signed request letter mentioning your name, folio number and complete address; and ii) self-attested scanned copy of the PAN Card and any document (such as Driving Licence, Bank Statement, Election Card, Passport, AADHAR Card) in support of the address of the Member as registered with the Company; to the email address of the Company [investor.relations@solargroup.com](mailto:investor.relations@solargroup.com).
- b. In case shares are held in demat mode, Members may obtain the login ID and password by sending scanned copy of (i) a signed request letter mentioning your name, DP ID-Client ID (16 digit DP ID + Client ID or 16 digit beneficiary ID); (ii) self-attested scanned copy of client master or Consolidated Demat Account statement; and (iii) self attested scanned copy of the PAN Card, to the email address of the Company [investor.relations@solargroup.com](mailto:investor.relations@solargroup.com).

## 5. Instructions for Members for participating in the 25<sup>th</sup> AGM through VC/OAVM are as under:

- a. Members will be able to attend the 25<sup>th</sup> AGM through VC/OAVM Facility through the NSDL e-Voting system at <https://www.evoting.nsdl.com> under shareholders login by using the remote e-Voting credentials and selecting the EVEN for the Company's 25<sup>th</sup> AGM. Please note that the Members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the Notice of the 25<sup>th</sup> AGM to avoid last minute rush. Further, Members can also use the OTP based login for logging into the e-Voting system of NSDL.
- b. Members are encouraged to join the meeting through laptops for better experience.
- c. Further, Members will be required to use Internet with a good speed to avoid any disturbance during the meeting.
- d. Please note that Members connecting from mobile devices or tablets or through laptops etc connecting via mobile hotspot, may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.
- e. Members can submit questions in advance with regard to the financial statements or any other matter to be placed at the 25<sup>th</sup> AGM, from their registered email address, mentioning their name, DP ID and Client ID number /folio number and mobile number, to reach the Company's email address [investor.relations@solargroup.com](mailto:investor.relations@solargroup.com) atleast 48 hours in advance before the start of the meeting i.e. by Monday, September 14, 2020 by 11:30 a.m. IST. Such questions by the Members shall be taken up during the meeting and replied by the Company suitably.
- f. Members, who would like to ask questions during the 25<sup>th</sup> AGM with regard to the financial statements or any other matter to be placed at the 25<sup>th</sup> AGM, need to register themselves as a speaker by sending their request from their registered email address mentioning their name, DP ID and Client ID number/folio number and mobile number, to reach the Company's email address [investor.relations@solargroup.com](mailto:investor.relations@solargroup.com) at least 48 hours in advance before the start of the 25<sup>th</sup> AGM i.e. by Monday, September 14, 2020 by 11.30 a.m. IST. Those Members who have registered themselves as a speaker shall be allowed to ask questions during the 25<sup>th</sup> AGM, depending upon the availability of time.

- g. Institutional Investors who are Members of the Company, are encouraged to attend and vote in the 25<sup>th</sup> AGM through VC/OAVM Facility.

## 6. Instructions for Members for e-Voting during the 25<sup>th</sup> AGM are as under:

- a. Members may follow the same procedure for e-Voting during the 25<sup>th</sup> AGM as mentioned above for remote e-Voting.
- b. Only those Members, who will be present in the 25<sup>th</sup> AGM through VC/OAVM Facility and have not cast their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the 25<sup>th</sup> AGM.
- c. The Members who have cast their vote by remote e-Voting prior to the 25<sup>th</sup> AGM may also participate in the 25<sup>th</sup> AGM through VC/ OAVM Facility but shall not be entitled to cast their vote again.
- d. The Helpline details of the person who may be contacted by the Member needing assistance with the use of technology, before or during the 25<sup>th</sup> AGM shall be the same persons mentioned for remote e-Voting and reproduced hereunder for convenience:
  - i. Mr. Amit Vishal, Senior Manager, NSDL at the designated email ID: [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or [AmitV@nsdl.co.in](mailto:AmitV@nsdl.co.in) or at telephone number : +91-22-24994360 or +91-99202 64780
  - ii. Ms. Pallavi Mhatre, Manager, NSDL at the designated email ID: [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in), [pallavid@nsdl.co.in](mailto:pallavid@nsdl.co.in) or at telephone number +91 22 2499 4545.

## 7. Other Guidelines for Members

- a. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-Voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password" or "Physical User Reset Password" option available on [www.evoting.nsdl.com](https://www.evoting.nsdl.com) to reset the password.
- b. The voting rights of Members shall be in proportion to their share in the paid up equity share capital of the Company as on the cutoff date of Wednesday, September 09, 2020

- c. Any person, who acquires shares of the Company and becomes Member of the Company after the Company sends the Notice of the 25<sup>th</sup> AGM by email and holds shares as on the cut-off date i.e. Friday, August 21, 2020, may obtain the User ID and password by sending a request to the Company's email address [investor.relations@solargroup.com](mailto:investor.relations@solargroup.com). However, if you are already registered with NSDL for remote e-Voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" or "Physical User Reset Password" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- d. A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-Voting or casting vote through e-Voting system during the meeting.
- e. Shri Tushar Pahade, Partner at M/s Joshi Pahade & Associates, Practicing Company Secretaries, has been appointed as the Scrutinizer to scrutinize the remote e-Voting process and casting vote through the e-Voting system during the meeting in a fair and transparent manner.
- f. During the 25<sup>th</sup> AGM, the Chairman shall, after response to the questions raised by the Members in advance or as a speaker at the 25<sup>th</sup> AGM, formally propose to the Members participating through VC/OAVM Facility to vote on the resolutions as set out in the Notice of the 25<sup>th</sup> AGM and announce the start of the casting of vote through the e-Voting system. After the Members participating through VC/OAVM Facility, eligible and interested to cast votes, have cast the votes, the e-Voting will be closed with the formal announcement of closure of the 25<sup>th</sup> AGM.
- g. The Scrutinizer shall after the conclusion of e-Voting at the 25<sup>th</sup> AGM, first download the votes cast at the AGM and thereafter unblock the votes cast through remote e-Voting and shall make a consolidated scrutinizer's report of the total votes cast in favour or against, invalid votes, if any, and whether the resolution has been carried or not, and such Report shall then be sent to the Chairman or a person authorized by him, within 48 (forty eight) hours from the conclusion of the 25<sup>th</sup> AGM, who shall then countersign and declare the result of the voting forthwith.
- h. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company at [www.solargroup.com](http://www.solargroup.com) and on the website of NSDL at [www.evoting.nsdl.com](http://www.evoting.nsdl.com) immediately after the declaration of Results by the Chairman or a person authorized by him. The results shall also be immediately forwarded to both the stock exchanges i.e. BSE Limited and National Stock Exchange of India Limited, Mumbai.
8. Pursuant to the MCA Circulars and SEBI Circular, in view of the prevailing situation, owing to the difficulties involved in dispatching of physical copies of the Notice of the 25<sup>th</sup> AGM and the Annual Report for the financial year 2019-20 including therein the Audited Financial Statements for financial year 2019-20, are being sent only by email to the Members. Therefore, those Members, whose email address is not registered with the Company or with their respective Depository Participant/s, and who wish to receive the Notice of the 25<sup>th</sup> AGM and the Annual Report for the financial year 2019-20 and all other communication sent by the Company, from time to time, can get their email address registered by following the steps as given below:-
- a. For Members holding shares in physical form, please send scan copy of a signed request letter mentioning your folio number, complete address, email address to be registered along with scanned self-attested copy of the PAN and any document (such as Driving Licence, Passport, Bank Statement, AADHAR card) supporting the registered address of the Member, by email to the Company's email address [investor.relations@solargroup.com](mailto:investor.relations@solargroup.com)
- b. For the Members holding shares in demat form, please update your email address through your respective Depository Participant/s.
9. The Notice of the 25<sup>th</sup> AGM and the Annual Report for the financial year 2019-20 including therein the Audited Financial Statements for the financial year 2019-20, will be available on the website of the Company at [www.solargroup.com](http://www.solargroup.com) and the website of BSE Limited at [www.bseindia.com](http://www.bseindia.com) and National Stock Exchange of India Limited at [www.nseindia.com](http://www.nseindia.com). The Notice of 25<sup>th</sup> AGM will also be available on the website of NSDL at [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
10. The Register of Members and the Share Transfer books of the Company will remain closed from Saturday, September 05, 2020 to Wednesday, September 16, 2020, both days inclusive, for annual closing and determining the entitlement of the Member to the Final Dividend for financial year 2019-20.
11. The Board of Directors has recommended Final Dividend of Rs.6/- per Equity Share of face value of Rs.2.00 each for the year ended March 31, 2020 that is proposed to be paid on between Saturday, September 19, 2020 to Friday, September 25, 2020, subject to the approval of the shareholders at the 25<sup>th</sup> AGM.

**12.** The Company has fixed Friday, September 4, 2020 as the 'Record Date' for determining entitlement of members to final dividend for the financial year ended March 31, 2020, if approved at the AGM.

**13.** If the final dividend, as recommended by the Board of Directors, is approved at the AGM, payment of such dividend subject to deduction of tax at source will be made between Saturday, September 19, 2020 to Friday, September 25, 2020 as under:

- i. To all Beneficial Owners in respect of shares held in dematerialized form as per the data as may be made available by the National Securities Depository Limited ("NSDL") and the Central Depository Services (India) Limited ("CDSL"), collectively "Depositories", as of the close of business hours on Friday, September 4, 2020.
- ii. To all Members in respect of shares held in physical form after giving effect to valid transfer, transmission or transposition requests lodged with the Company as of the close of business hours on Friday, September 4, 2020.

**14.** The dividend/s, if any, approved by the Members or declared by the Board of Directors of the Company from time to time, will be paid as per the mandate registered with the Company or with their respective Depository Participants.

**15.** Further, in order to receive dividend/s in a timely manner, Members holding shares in physical form who have not updated their mandate for receiving the dividends directly in their bank accounts through Electronic Clearing Service or any other means ("Electronic Bank Mandate"), can register their Electronic Bank Mandate to receive dividends directly into their bank account electronically or any other means, by sending scanned copy of the following details/ documents by email to reach the Company's email address [investor.relations@solargroup.com](mailto:investor.relations@solargroup.com).

- a. signed request letter mentioning your name, folio number, complete address and following details relating to bank account in which the dividend is to be received :
  - i. Name and Branch of Bank and Bank Account type;
  - i. Bank Account Number allotted by your bank after implementation of Core Banking Solutions;
  - ii. 11 digit IFSC Code;
- b. self-attested scanned copy of cancelled cheque bearing the name of the Member or first holder, in case shares are held jointly;
- c. self-attested scanned copy of the PAN Card; and
- d. self-attested scanned copy of any document (such as AADHAR Card, Driving Licence, Election Identity Card, Passport) in support of the address of the Member as registered with the Company.

For the Members holding shares in demat form, please update your Electronic Bank Mandate through your Depository Participant/s.

**16.** In the event the Company is unable to pay the dividend to any Member directly in their bank accounts through Electronic Clearing Service or any other means, due to non-registration of the Electronic Bank Mandate, the Company shall dispatch the dividend warrant/ Bankers' cheque/ demand draft to such Member, at the earliest once the normalcy is restored.

**17.** Pursuant to the provisions of Section 124 of the Act, Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules") read with the relevant circulars and amendments thereto, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the due date is required to be transferred to the Investor Education and Protection Fund ("IEPF"), constituted by the Central Government. The Company had, accordingly, transferred Rs. 39,690/- (Rupees Thirty Nine Thousand Six hundred and Ninety Only) and Rs. 45,000/- (Rupees Forty Five Thousand Only) being the unpaid and unclaimed dividend amount pertaining to Final Dividend for FY 2011-12 and Interim Dividend for FY 2012-13; respectively, during the financial year 2019-20, to the IEPF.

During the current financial year 2020-21, Company will be required to transfer the unclaimed Final Dividend for the year 2012-13 and Interim Dividend for the year 2013-14. Details of the unpaid/ unclaimed dividend are also uploaded on the website of the Company at [www.solargroup.com](http://www.solargroup.com). Members who have not encashed Final Dividend for the year 2012-13 or any subsequent dividend declared by the Company, are advised to write to the Company immediately.

**18.** Pursuant to the provisions of IEPF Rules, all shares in respect of which dividend has not been paid or claimed for seven consecutive years shall be transferred by the Company to the designated Demat Account of the IEPF Authority ("IEPF Account") within a period of thirty days of such shares becoming due to be transferred to the IEPF Account. Accordingly, 670 (Six Hundred and Seventy Only) Equity Shares of Rs. 2/- each on which the dividend remained unpaid or unclaimed for seven consecutive years, were transferred during the financial year 2019-20, to the IEPF Account, after following the prescribed procedure.

Further, Members who have not claimed / encashed their dividends in the last seven consecutive years from 2012-13 are advised to claim the same. In case valid claim is not received, the Company will proceed to transfer the respective shares to the IEPF Account in accordance with the procedure prescribed under the IEPF Rules.

**19.** To prevent fraudulent transactions, Members are advised to exercise due diligence and notify the Company of any change in address or demise of any Member as soon as possible. Members are also advised to not leave their demat account(s)

# Explosion of Opportunities

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dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified from time to time.

**20.** The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.

**21.** In terms of the Listing Regulations, securities of listed companies can only be transferred in dematerialized form with effect from April 1, 2019. In view of the above, Members are advised to dematerialize shares held by them in physical form.

**22.** To support the 'Green Initiative', Members who have not yet registered their email addresses are requested to register the same with their DPs in case the shares are held by them in electronic form or with the Share Transfer Agent of the Company in case the shares are held by them in physical form.

**23.** During the 25<sup>th</sup> AGM, Members may access the scanned copy of Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act and the Register of Contracts and Arrangements in which Directors are interested maintained under Section 189 of the Act, upon Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com>.

**24.** Details as required in sub-regulation (3) of Regulation 36 of the Listing Regulations and Secretarial Standard on General Meeting (SS-2) of ICSI, in respect of the Directors seeking appointment/ re-appointment at the 25<sup>th</sup> AGM, forms integral part of the Notice of the 25<sup>th</sup> AGM. Requisite declarations have been received from the Directors for seeking appointment/ re-appointment.

**Date:** July 31, 2020

**Place:** Nagpur

### Registered office:

"Solar" House, 14,  
Kachimet, Amravati Road,  
Nagpur - 440023 (MH).  
CIN: L74999MH1995PLC085878  
Email id: [investor.relations@solargroup.com](mailto:investor.relations@solargroup.com)  
Website: [www.solargroup.com](http://www.solargroup.com)  
Telephone No.: 0712-6634555

By Order of the Board of Directors,  
For **Solar Industries India Limited**

**(Khushboo A. Pasari)**

Company Secretary & Compliance Officer

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013.****ITEM NO.4**

Shri Sunil Srivastav (DIN: 00237561) was appointed as an Additional Director in the category Non-Executive Independent Director of the Company in the meeting of Board of Directors held on February 11, 2020 to hold office of Independent Director up to the ensuing Annual General Meeting.

The Board of Directors at their meeting held on February 11, 2020, based on performance evaluation and recommendations of Nomination and Remuneration Committee have approved the appointment of Shri Sunil Srivastav (DIN: 00237561) as Non-Executive Independent Director of the Company, not liable to retire by rotation to hold office for a First term of 2(Two) consecutive years up to the conclusion of 27<sup>th</sup> Annual General Meeting to be held in the year 2022 subject to approval of the Shareholders.

Section 149 of the Act and provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") inter alia prescribe that an Independent Director of a Company shall meet the criteria of independence as provided in Section 149(6) of the Act and regulation 16(1)(b) of the Listing Regulations.

Shri Sunil Srivastav (DIN: 00237561) is not disqualified from being appointed as Directors in terms of Section 164 of the Act and have given his consent to act as a Director.

The Company has also received declarations from Shri Sunil Srivastav (DIN: 00237561) that he meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under the Listing Regulations.

In the opinion of the Board, Shri Sunil Srivastav fulfill the conditions for appointment as Independent Director as specified in the Act and the Listing Regulations and is independent of the management.

He shall be paid remuneration by way of sitting fee for attending meetings of the Board or Committees thereof or for any other purpose whatsoever as may be decided by the Board, reimbursement of expenses for participating in the Board and other meetings and profit related commission within the limits stipulated under Section 197 of the Act.

Copy of draft letter of appointment of Shri Sunil Srivastav setting out the terms and conditions of appointment are available for inspection by the members at the registered office of the Company.

The details of Shri Sunil Srivastav, nature of his expertise in specific functional areas and names of companies in which he hold directorships and memberships/ chairmanships of Board Committees, shareholding and relationships between directors are provided in "Annexure" to the Notice pursuant to the

provisions of (i) the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and (ii) Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India.

Except the appointee Director with regard to the resolution of his appointment, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution.

The Board recommends the Ordinary Resolution set out at Item No. 4 of the Notice for approval by the members.

**ITEM NO.5**

Shri Anil Kumar Jain was appointed as an Executive Director of the Company in the 20<sup>th</sup> Annual General Meeting for the period of Five (5) years i.e. up to the conclusion of the 25<sup>th</sup> Annual General Meeting of the Company.

The Board of Directors of the Company based on the performance evaluation and recommendations of the Nomination and Remuneration Committee, at its meeting held on July 31, 2020 consented and recommends to the members' for the re-appointment of Shri Anil Kumar Jain (DIN: 03532932) as Executive Director, liable to retire by rotation for a period of 1 (one) year from the completion of his present term of office, i.e., conclusion of the 25<sup>th</sup> Annual General Meeting till the conclusion of 26<sup>th</sup> Annual General Meeting of the Company on the terms and conditions including remuneration as recommended by the Nomination and Remuneration Committee and approved by the Board.

The brief resume of Shri Anil Kumar Jain, his nature of expertise in specific functional areas, names of Companies in which he hold directorships/chairmanship of Board Committees, shareholding and relationships between directors is provided in the Annexure attached to the Notice.

The monthly basic salary of Shri Anil Kumar Jain is Rs. 4,25,000 (Rupees Four Lakh Twenty Five thousand only). Taking into consideration his present salary and future revisions, if any, and based on the recommendation of Nomination and Remuneration Committee, the Board of Directors has consented in their meeting held on July 31, 2020 and recommends to the members of the Company to fix the salary scale applicable to Shri Anil Kumar Jain from Rs. 4,00,000 (Rupees Four Lakh only) to Rs. 5,00,000 (Rupees Five Lakh only) per month, with further liberty to the Board of Directors of the Company to revise his remuneration within the approved salary scale, without further reference to the shareholders of the Company, in such manner as may be agreed to between the Board of Directors and Shri Anil Kumar Jain.



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Broad Particulars of the terms of re-appointment and remuneration of Shri Anil Kumar Jain are as under:

1. Remuneration	
Salary	Rs. 4,00,000 to Rs. 5,00,000 per month
Perquisites: for this purpose perquisites are classified into three categories A,B and C	
<b>Category 'A'</b>	
a) Medical Reimbursement	As per Company's policy
b) Bonus:	As per policies and rules of the Company.
c) Personal Accident Insurance	As per Company's Policy
<b>Category 'B'</b>	
a) Company's contribution towards Provident Fund, Superannuation Fund.	
b) Gratuity payable shall not exceed half Month's salary for each completed year of service or part thereof.	
c) Leave Entitlement: As per Company's Policy	
<b>Category 'C'</b>	
a) The Company shall provide a car with chauffeur and telephone at the residence. Provisions of the car for use in Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls and use of car for Private purpose shall be billed by the Company	
Other allowances, benefits and perquisites admissible as per Rules of the Company, from time to time framed by Nomination and Remuneration Committee.	

The details of Shri Anil Kumar Jain, nature of his expertise in specific functional areas and names of companies in which he hold directorships and memberships/ chairmanships of Board Committees, shareholding and relationships between directors are provided in "Annexure" to the Notice pursuant to the provisions of (i) the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and (ii) Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India.

All other terms and conditions relating to his appointment and remuneration as approved earlier by the members remain unchanged.

Details of remuneration paid to Shri Anil Kumar Jain during the Financial Year 2019-20 have been disclosed in the annexure to the Directors' Report and in the Corporate Governance Report.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives, except Shri Anil Kumar Jain, to whom the resolution relates, are concerned or interested in the Resolution mentioned at Item No. 5 of the Notice.

The Board recommends the Ordinary Resolution set out at Item No.5 of the Notice for approval by the shareholders.

## ITEM NO. 6

Smt. Madhu Vij (DIN: 00025006) was appointed as a Non- Executive Independent Director on the Board of the Company by the members at the 20<sup>th</sup> AGM of the Company for a period of 5 (five) consecutive years commencing from the conclusion of 20<sup>th</sup> AGM till the conclusion of 25<sup>th</sup> AGM of the Company.

The Board of Directors at their meeting held on July 31, 2020, based on the performance evaluation and recommendations of

the Nomination and Remuneration Committee have approved the re-appointment of Smt. Madhu Vij as a Non- Executive Independent Director of the Company, not liable to retire by rotation to hold office for a second term of 5 (Five) consecutive years with effect from conclusion of this 25<sup>th</sup> AGM upto 30<sup>th</sup> AGM of the Company subject to approval of the Shareholders.

Section 149 of the Act and provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") inter alia prescribe that an Independent Director of a Company shall meet the criteria of independence as provided in Section 149(6) of the Act and regulation 16(1)(b) of the Listing Regulations.

Section 149(10) of the Act provides that an Independent Director shall hold office for a term of up to 5 (Five) consecutive years on the Board and shall be eligible for re-appointment on passing a special resolution by the Company and disclosure of such appointment in its Board's report. Section 149(11) provides that an Independent Director may hold office for up to two consecutive terms.

Smt. Madhu Vij is not disqualified from being appointed as Directors in terms of Section 164 of the Act and have given her consent to act as a Director.

The Company has also received declarations from Smt. Madhu Vij that she meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under the Listing Regulations.

In the opinion of the Board, Smt. Madhu Vij fulfill the conditions for appointment as Independent Director as specified in the Act and the Listing Regulations and is independent of the management.

She shall be paid remuneration by way of fee for attending meetings of the Board or Committees thereof or for any other purpose whatsoever



as may be decided by the Board, reimbursement of expenses for participating in the Board and other meetings and profit related commission within the limits stipulated under Section 197 of the Act.

Copy of draft letter of appointment of Smt. Madhu Vij setting out the terms and conditions of appointment are available for inspection by the members at the registered office of the Company.

The details of Smt. Madhu Vij, nature of her expertise in specific functional areas and names of companies in which she hold directorships and memberships/ chairmanships of Board Committees, shareholding and relationships between directors are provided in "Annexure" to the Notice pursuant to the provisions of (i) the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and (ii) Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India.

Except the appointee director with regard to the resolution of her re-appointment, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in this resolution.

The Board recommends the Special Resolution set out at Item No. 6 of the Notice for approval by the members.

## ITEM NO. 7

### Ratification of Cost Auditor's Remuneration

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of Shri Deepak Khanuja Partner of M/s Khanuja Patra & Associates as Cost Auditor to conduct the audit of the cost records of the Company for the financial year 2020-21 ending on March 31, 2021 at the Audit Fees of Rs.1,35,000/- (Rupees One Lakh Thirty Five Thousand Only).

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors as recommended by the Audit Committee and approved by the Board, has to be ratified by the members of the Company. Accordingly, ratification by the members is sought to the remuneration payable to the Cost Auditors for the financial year ending March 31, 2021.

None of the Directors and Key Managerial personnel or their relatives of the Company are in anyway concerned or interested, financially or otherwise, in the resolution.

The Board recommends the Ordinary Resolution set out at Item No.7 of the Notice for approval by the members.

**Date:** July 31, 2020

**Place:** Nagpur

#### Registered office:

"Solar" House, 14,

Kachimet, Amravati Road,

Nagpur - 440023 (MH).

CIN: L74999MH1995PLC085878

Email id: investor.relations@solargroup.com

Website: [www.solargroup.com](http://www.solargroup.com)

Telephone No.: 0712-6634555

By Order of the Board of Directors,  
For **Solar Industries India Limited**

**(Khushboo A. Pasari)**

Company Secretary & Compliance Officer

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### ANNEXURE TO ITEM NO. 3,4, 5 and 6

As required under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and as required under Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India (SS-2), the particulars of Directors who are proposed to be appointed / reappointed and/or whose remuneration is proposed to be increased at this 25<sup>th</sup> Annual General Meeting, are given below:

#### Item No. 3 & 4:

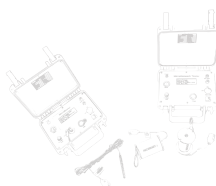
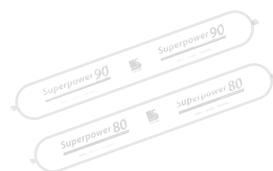
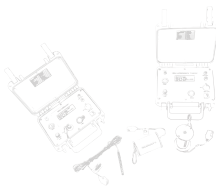
<b>Name of the Director</b>	Shri Suresh Menon (DIN: 07104090)	Shri Sunil Srivastav (DIN: 00237561)
<b>Date of Birth</b>	15/11/1960	21/03/1958
<b>Date of Appointment</b>	11/05/2018	11/02/2020
<b>Nationality</b>	Indian	Indian
<b>Qualifications</b>	B. Tech ( Hons ) In Mining Engineering from I.I.T, Kharagpur	Professional
<b>Brief Profile</b>	He has an experience of over 34 years in the Coal, Mining and Explosives Industries. He has been associated with Solar Group's marketing functions since 11 years. With his strong expertise and deep understanding of Explosives Market, he plays an integral role in Company's growth.	Shri Sunil Srivastav is B.Sc (H) from Delhi University and has done his Masters of Management Studies, from F.M.S., Banaras Hindu University. He joined State Bank of India as a Probationary Officer in 1980 and thereafter has been posted across various functions and offices of SBI in India and United States. He has also served SBI as Dy. Managing Director (Corporate Accounts Group).
<b>Disclosure of relationship between directors inter-se</b>	Nil	Not related to any Director / Key Managerial Personnel
<b>Expertise in Specific Functional Area</b>	He oversees the marketing operations of the Company at domestic and global levels.	He has very rich experience in Credit Risk, Project Finance, Corporate Finance, International Banking, Investment Banking, Corporate Strategy and Digital & Retail Banking.
<b>Number of Shares held in the Company</b>	Nil	Nil
<b>List of the Directorship/ Partnership held in other companies/LLP (Excluding Foreign Companies &amp; Section 8 Company)</b>	Nil	<ol style="list-style-type: none"> <li>1. Paisalo Digital Limited</li> <li>2. Eros International Media Limited</li> <li>3. Security &amp; Intelligence Services (India) Limited</li> <li>4. Star Paper Mills Limited</li> </ol>
<b>Chairman/ Member in the committees of Board of other Companies in which he/she is the Director</b>	Nil	<ol style="list-style-type: none"> <li><b>1. Paisalo Digital Limited</b> Chairman - Stakeholders Relationship Committee Member -Nomination and Remuneration Committee</li> <li><b>2. Eros International Media Limited</b> Chairman - Stakeholders Relationship Committee Member- Audit</li> <li><b>3. Security &amp; Intelligence Services (India) Limited</b> Member- Nomination and Remuneration Committee</li> </ol>

**Item No. 5 & 6:**

<b>Name of the Director</b>	Shri Anil Kumar Jain (DIN: 03532932)	Smt Madhu Vij (DIN: 00025006)
<b>Date of Birth</b>	21/11/1951	16/07/1955
<b>Date of Appointment</b>	25/05/2015	23/03/2015
<b>Nationality</b>	Indian	Indian
<b>Qualifications</b>	B.Sc., B.E.	M. Com, M. Phil, Ph. D
<b>Brief Profile</b>	Shri Anil Kumar Jain is B.Sc. and B.E. in Chemical Engineering, he strengthens the Company with his extensive experience in the management of operations of explosives plants. He is associated with the Solar Group since past 14 years. His contributions span a multitude of functions, including the development of new products, production planning, and erection and commissioning of Greenfield projects, etc. He is responsible for the manufacturing operations of the Group, being executed in time and in synchronisation with the achievement targets of the Company's future goals.	Smt. Madhu Vij is having an expertise in the area of International Financial Management, Management of Financial Services, Management Accounting, Financial Decision Analysis. She is currently a Faculty of Management Studies, University of Delhi. She also participated and attended the Global Colloquium on 'Participant Centered Learning' at Harvard Business School, Boston, USA, from 26 <sup>th</sup> July to 5 <sup>th</sup> August, 2009. She was also a Member of Academic Council, Indian Institute of Foreign Trade, 2008, 2009, 2010. She received the Alumni Excellence award received from Shri Ram College of Commerce, February 2008. Second Position in order of merit, M.Phil, 1979, University of Delhi. She also received All India Post-Graduate Scholarship for two years (1976 & 1977), while pursuing M.Com course from University of Delhi.
<b>Disclosure of relationship between directors inter-se</b>	Not related to any Director / Key Managerial Personnel	Not related to any Director / Key Managerial Personnel
<b>Expertise in Specific Functional Area</b>	He has extensive experience in the management of operations of explosives plants.	She is having an expertise in the area of International Financial Management, Management of Financial Services, Management Accounting, Financial Decision Analysis
<b>Number of Shares held in the Company</b>	705	Nil
<b>List of the Directorship/ Partnership held in other companies/LLP (Excluding Foreign Companies &amp; Section 8 Company)</b>	<ol style="list-style-type: none"> <li>1. Economic Explosives Limited</li> <li>2. Emul Tek Private Limited</li> </ol>	<ol style="list-style-type: none"> <li>1. Singer India Limited</li> <li>2. SMC Global Securities Limited</li> <li>3. Economic Explosives Limited</li> <li>4. Risk educators Private Limited</li> </ol>
<b>Chairman/ Member in the committees of Board of other Companies in which he/she is the Director</b>	NIL	<b>1. Singer India Limited</b> Member- Audit Committee, Nomination and Remuneration Committee

For other details such as number of meetings of the board and committees attended during the year, remuneration drawn, please refer to the Corporate Governance Report which is a part of this Annual Report.





(CIN: L74999MH1995PLC085878)

Registered Office: "Solar" House 14, Kachimet, Amravati Road, Nagpur-440023 (M.S)

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