SOLAR INDUSTRIES INDIA LIMITED

INVESTOR PRESENTATION
MAY 2014

SOLAR

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WHO WE ARE

KEY POINTS YOU SHOULD KNOW ABOUT US

Largest manufacturer of industrial explosives and initiating systems in India

Largest cartridge manufacturing facility in a single location, globally

One of the largest Manufacturing Facilities of Detonating Cord and Cast Boosters in the world

30%
share of domestic market in 2013

57%
market share in industrial explosive exports from India in 2013

Complete product range along with the good integration and presence across the product value chain

MILESTONES

1984
Commenced business as an Explosives and detonator trader

1996
Started production of explosives with license capacity of 6000 MT

1998
Commenced production of Detonators

2000
Started plants in Waidhan for production of bulk explosives

2001
Imported first Cartridge manufacturing machine from USA

2002-05
- Established another bulk explosive unit in Chandrapur with 7750 MT capacity
- Introduced Cast boosters and PETN in the product portfolio
- Started exporting and slowly gained acceptance

2006
Initial public offer; gets listed

2007-14
- Expands domestic operations to17 locations
- Starts exporting to 25 countries
- Manufacturing units in Zambia and Nigeria & Turkey
- Expansion in Zambia
- Sets up manufacturing facilities to cater to Defense Sector

PRODUCT RANGE & LICENSED CAPACITIES

Bulk explosives

2,16,107 MT
Licensed capacity Installed across **15** locations in India

Locational proximity to the mines

All units located at **50-60 kms** radius from the major mining regions

Largest manufacturing capacity in India

Cartridge explosives

74,655 T
Licensed capacity installed in **Nagpur**

Largest cartridge manufacturing facility at a single location in the world

Detonators

190,000,000 Pcs.
Licensed capacity installed in **Nagpur**

Well poised to cater to rising demand from Indian and overseas mining & infrastructure Industries

Among the larger manufacturing Capacities in India

Detonating Cord

75,000,000 Mtrs.
Licensed capacity installed in **Nagpur**

Largest manufacturing facility In India

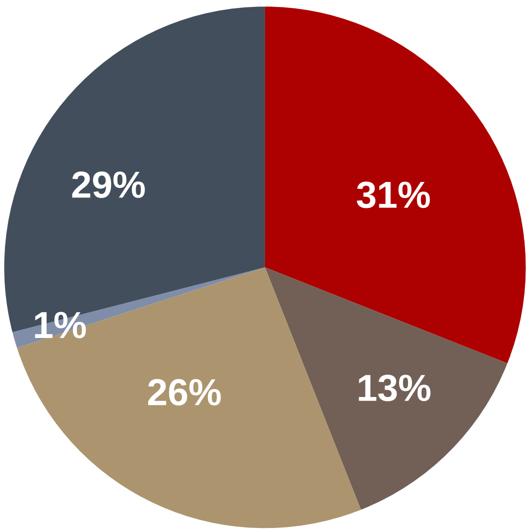
Cast Boosters

1500 MT
Licensed capacity installed in **Nagpur**

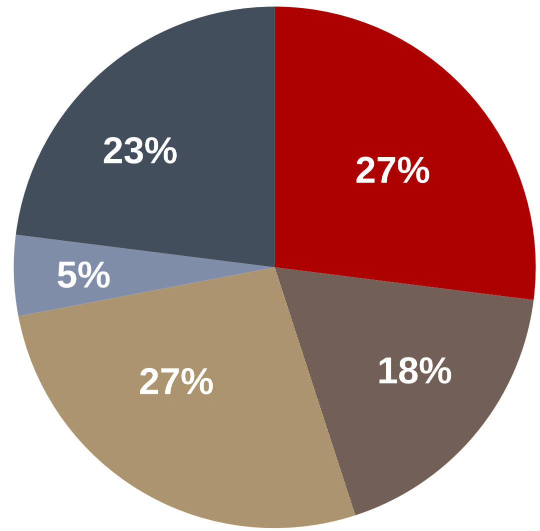
Largest manufacturing facility In India

Customer Bifurcation

FY14

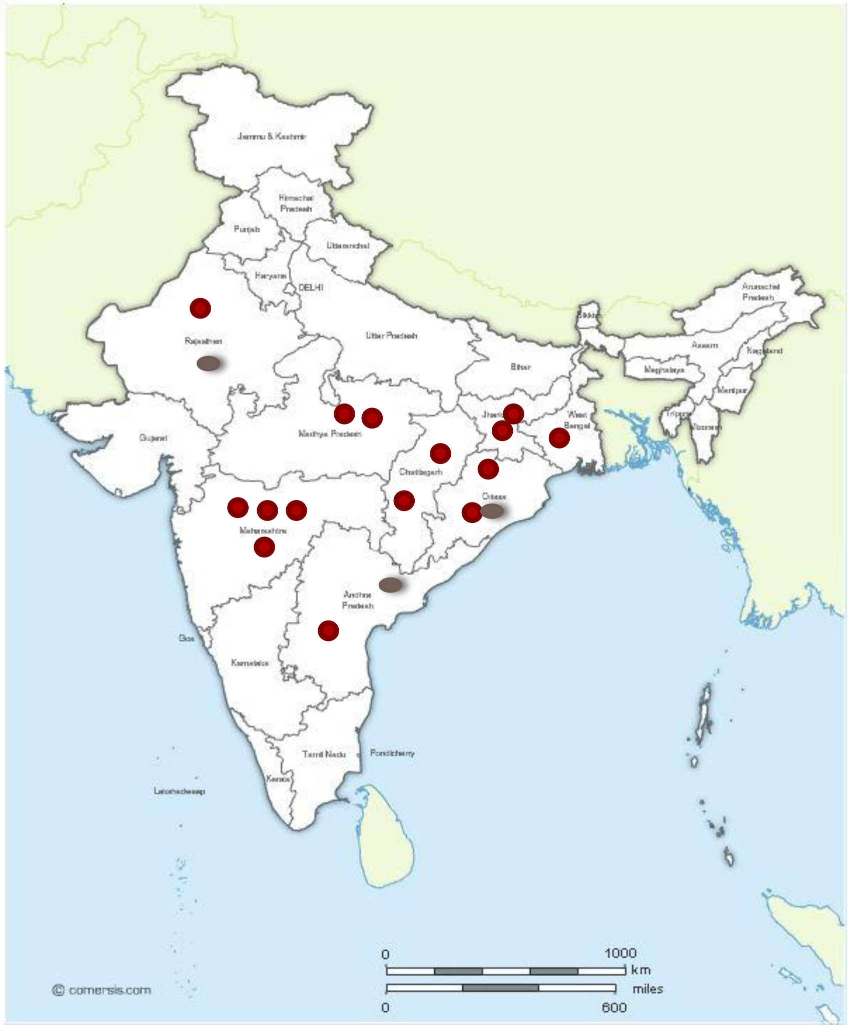


FY13



	FY14	FY13	Up/Down
Coal India	379.26	333.38	13.76 %
Non CIL & Inst	157.85	216.37	- 27.04 %
Trade & Others	317.92	328.82	- 03.31 %
AN Trading	8.71	59.80	- 85.43 %
Export & Overseas	352.75	274.95	28.29 %
Total	1216.49	1213.32	

OUR DOMESTIC PRESENCE



No. of Plants	State	Clients served
4	Maharashtra	1. Western Coalfield Ltd. 2. SCCL
2	MP	1. Northern Coalfield Ltd 2. Reliance power (sasan)
2	Chattisgarh	1. South Eastern Coalfiel Ltd. 2. Jindal Power, Sharda energy, Lafarge, Parsak (Adani group)
2	Jharkhand	1. Tisco 2. Central Coalfield Ltd, Bharat Coking Coalfield Ltd .
2	Odhisha	1. Mahanadi Coalfield Ltd. 2. Tisco
1	AP	SCCL
1	Rajasthan	Hindustan Zinc, Jindal Saw
1	West Bengal	Eastern Coalfield Ltd

Existing facilities   Proposed facilities - Barbil (Odisha), Kota (Rajasthan), Kothagudem (AP)

Nagpur facility supplies cartridge explosives and detonators all over India. The rest of the plants supply bulk explosives in their resp. states

GLOBAL REACH & PRESENCE

Zambia

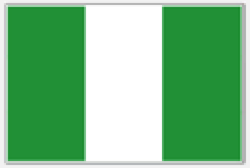
Facility:

Cartridge & Bulk Plant

Key developments:

- Slowdown in Bulk in FY13/14.
- Cartridge Plant commences operations.
- Benefits estimated from Q1FY15 onwards, along with better sales of bulk.

Nigeria



Facility:

Cartridge & Bulk Plant

Key developments:

- Cartridge plant running smoothly
- Bulk plant also running smoothly

Turkey

Facility:

ANFO and Nonel Assembly

Key developments:

- ANFO & Non Electric Detonator production commences.
- Cartridge plant completed. License expected by May '14

- Overseas turnover for FY14 is Rs 232.85 Crs as compared to Rs 185.38 Crs in FY13 which leads to growth of 25.60%.
- Overseas PAT margin for FY14 is 10.92% as compared to 12.89% in FY13 due to Zambia Operations.

SOLAR

KEY STRENGTHS

- Enhanced systems for safety, health & environment
- Backward integration of raw materials to a large extent
- Plants are certified for ISO 14000 & 18000 OHSAS (18001-2007)
- Advanced technology & R&D set-up
- Experienced management team
- System controlled through SAP ERP
- Inward & outward logistics provides a strong distribution network

MARQUEE CLIENTELE

Coal India Ltd.

SCCL

vedanta

ONGC

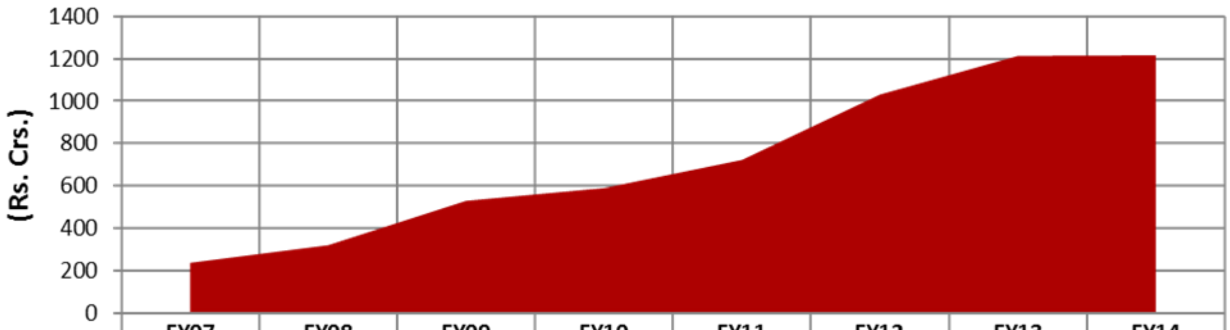
TATA

NHPC

ADITYA BIRLA UltraTech

OUR JOURNEY IN NUMBERS

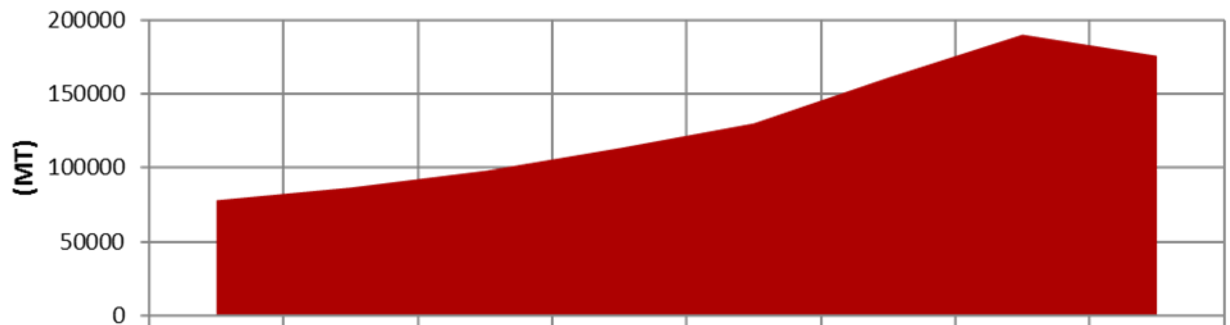
Revenues



	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14
Revenues	238	321	530	590	723	1031	1213	1216

■ Revenues

Volumes



	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14
Volumes	78095	86659	98024	113345	130086	161033	190091	175764

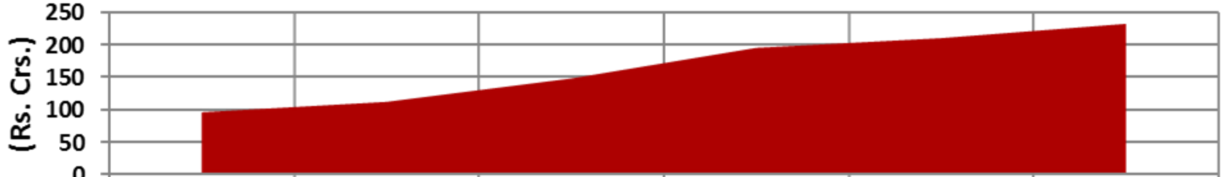
■ Volumes

Overseas manufacturing in 3 countries Nigeria, Zambia & Turkey

Exports to 25+ countries

OUR JOURNEY IN NUMBERS

EBIDTA



	FY09	FY10	FY11	FY12	FY13	FY14
EBIDTA	96	112	148	195	210	232

■ EBIDTA

+19%
CAGR

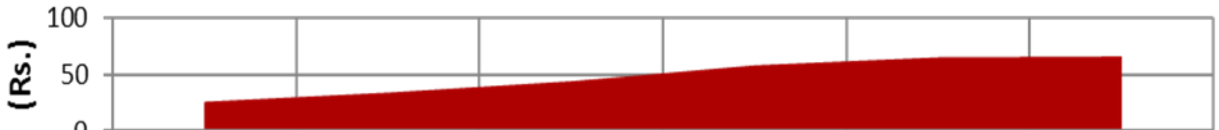
PAT

	FY09	FY10	FY11	FY12	FY13	FY14
PAT	44	59	76	101	116	118.4

■ PAT

+22%
CAGR

EPS



	FY09	FY10	FY11	FY12	FY13	FY14
EPS	26	34	44	58	65	66.44

■ EPS

+20%
CAGR

RAW MATERIAL MANAGEMENT

Key Raw Material – Ammonium Nitrate

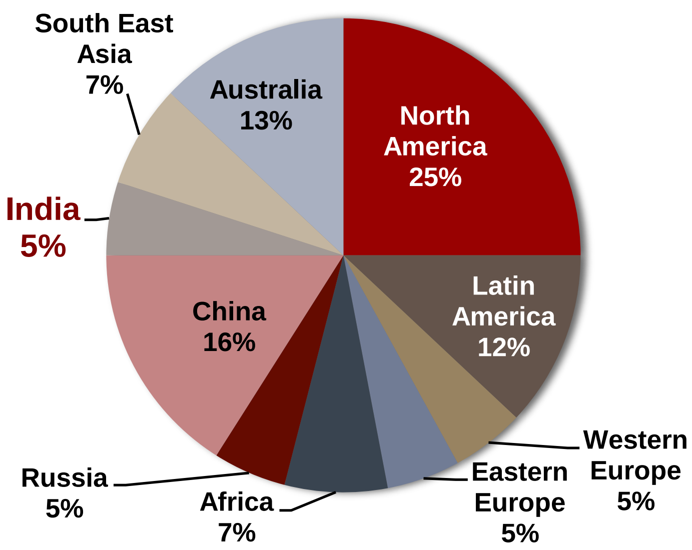
- 70% of the total raw material consumed
- 90% of required Ammonium Nitrate is sourced domestically and 10% through imports.
- Domestically sourced from RCF, Deepak Fertilizers and GNFC
- Price volatility - rise/fall rate contract with customers to a large extent
- The present price is USD 360 per MT and domestic is Rs. 23000 per MT
- Total AN demand in India, for explosives, is ~6 Lakhs MT against a domestic production of ~5.5 Lakh MT

WHAT'S THE PULL

MARKET DYNAMICS

GLOBAL OVERVIEW

Global Industrial explosives market



Major players

ORICA, DYNO Dyno Nobel, AEL, AUSTIN, MAXAM, bme, sasol

India is 8th largest & fastest growing

DOMESTIC OVERVIEW

- Size of the market - Rs 3,150 cr.
- Historical growth 5-6 % p.a. (last 10 years)
- Negative growth in FY13-14 of ~10%
- Future growth expected 7% p.a.
- Annual Explosive consumption of ~7 Lakh MT in FY15
- Highly concentrated market with about 30 manufacturers in the industry

Major players

SOLAR, Premier Explosives Limited, IBP, KEL, Gulf, ORICA

Solar Industries India Limited is the market leader in the country

REGULATORY ENVIRONMENT

One of the very few sectors needing Industrial License

Clearance required from Home Ministry

Clearance required from IB- regarding safety of location

NoC required from District Magistrate

NoC by District Magistrate after clearance by Police, PWD, Grampanchyat

License also required from Chief Controller of Explosives, GoI

For underground use permission required from DGMS

DEMAND DRIVERS – MEDIUM TERM

- Unorganised markets
- Coal Mining
- Housing & Road projects
- Power – Hydro & Thermal
- Overburden removal
- Well sinking activities
- Other Mineral Mining
- Exports

THE NEXT WAVE

OUR GROWTH WILL COME FROM …

1. Satiate the demand shift from the unorganised markets

2. Enhanced demand from coal & iron ore mining: public + private

3. Increase exports of explosives and accessories to existing as well as new markets

4. Renewed demand from Infrastructure revival

5. Introducing products for the defense sector

SPECIALITY CHEMICALS FOR DEFENSE SECTOR

- **As per The Defence Procurement Policy- 2013, Ministry of Defence, Govt of India**
  - Outlined a fresh procedure wherein at least 30% of the products supplied would have to be of Indigenous content
  - Enables both public and private industry in the country to design and develop required equipment/ weapon systems/ platforms in a faster timeframe

MILESTONES ACHIEVED

- Obtained Industrial license for HMX, propellants & new generation explosives
- 720 Acres of land has been acquired
  - 85 Acres more is in process
- HMX production started. Product Quality is settled. Quality approval from customers at final stage.
- Propellants – Erection & commissioning Completed, Expected trial production in Jun 2014.
- Participated in Tender for supply of Propellant in May 14.

Coal Blocks

Madanpur-North

Captive Coal Block

- Company has entered into definitive agreements with Navbharat Fuse Company Ltd (NFCL) for transfer of shares of its subsidiary company Navbharat Coalfield Limited (NCL) and recovery of Loan.
- Accordingly company has got its amount of investment of Rs. 8 Cr. for purchase of 74% stake in NCL.
- The total amount given was 22.24 Crs . Till date we have received Rs 8.60 Crs and balance is recoverable during this year

Bhatgaon II & Bhatgaon II Ext.

Merchant sale Coal Block

- On 19th July 2013 we received a notice from CMDC for Termination of the JV Agreement related to both the coal blocks.
- The same was on the basis of failure to timely execute the project.
- The total Investment amounts to Rs 85.23 Crores (Including Principle of 55.23 Crs and accrued interest of 30.00 Crs).
- They have decided to deduct 50% of the performance guarantee, i.e., Rs.15.75cr along with 50% of BG i.e., Rs.1.59cr
- We are in dialogue with CMDC for maximum recovery.

APPENDIX

Financials – P&L

(Rs. Crs)	FY14	FY13	*Change (YoY)*	% of Net Sales		*Change (YoY)*
				FY14	FY13	
Gross Sales	1,216	1,213	*0.28%*			
Net Sales [Net of Excise]	1,126	1,120	*0.53%*			
EBIDTA	214	197	*8.42%*	19.02%	17.64%	*1.38%*
Depreciation	22	17	*28.83%*	1.94%	1.52%	*0.43%*
Interest and Finance charges	18	18	*-2.69%*	1.59%	1.64%	*-0.05%*
Exceptional Items	10	10	*-0.17%*	0.89%	0.89%	*-0.01%*
Profit Before Tax (PBT)	164	152	*8.05%*	14.61%	13.59%	*1.02%*
Provision for Taxation	35	26	*35.69%*	21.23%	16.91%	*4.32%*
Minority Interest in Subsidiary	11	10	*9.10%*	0.98%	0.91%	*0.08%*
PAT After Minority	118	116	*1.85%*	10.52%	10.39%	*0.14%*

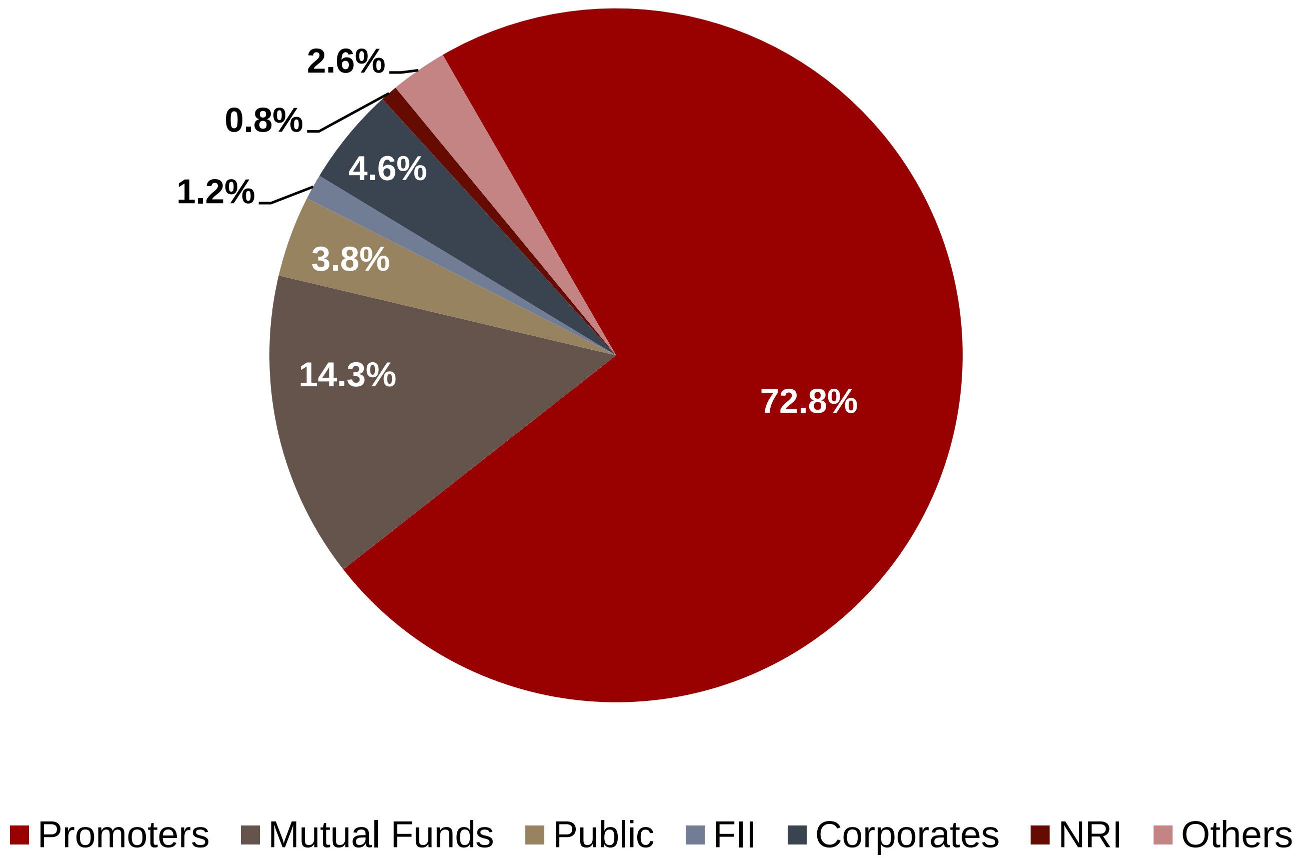
Financials – P&L 5 yr CAGR

(Rs. Crs)	FY09	FY10	FY11	FY12	FY13	FY14	*5yr CAGR*
Gross Income	530	590	724	1031	1213	1216	*18%*
Excise Duty	43	33	43	64	93	91	*16%*
Net Income	488	557	680	967	1120	1126	*18%*
Material Consumed	299	328	372	561	650	591	*15%*
Material Consumed %	61.35	58.8	54.73	58.02	58.06	52.49	
Other Costs	119	144	186	236	282	339	*23%*
Other Income	26	26	26	25	16	18	*-7%*
EBIDTA	96	112	149	195	197	214	*17%*
EBIDTA %	19.63	20.09	21.75	20.14	17.64	19.04	
PAT	44	59	76	101	116	118	*22%*
PAT %	9.05	10.51	11.11	10.47	11.29	11.5	
EPS	25.5	33.8	43.64	58.42	65.47	65.44	*21%*

Financials – B/S 5 yr CAGR

(Rs. Crs)	FY08	FY09	FY10	FY11	FY12	FY13	FY14	*5 yr CAGR (%)*
Gross Block	119.85	148.5	172.16	270.29	386.35	436.77	575.40	*31*
Cash & Bank Balance	72.4	72.94	93.98	59.63	63.01	92.19	133.01	*13*
Net Worth	184.17	218.02	261.2	316.04	404.6	572.7	661.57	*25*
Loan Funds	111.37	71.74	107.68	138.67	283.26	344.52	442.75	*44*
Capital Employed	288.74	235.53	302.46	397.27	621.67	591.03	758.26	*26*
Debt Equity Ratio	0.6	0.33	0.41	0.44	0.7	0.6	0.67	*15*
Inventory Days	101	34	42	58	84	76	94	*23*
Debtor Days	57	71	56	48	49	47	55	*-5*

Shareholding Pattern



Note: Data as on 31 March, 2014

Statutory & Regulatory Compliance

- The regulatory and statutory compliances, like licenses, pollution, labor, insurance, excise, sales tax etc. are in line.
- The Reconciliation of Share Capital Audit Report under clause 47(C), Shareholding pattern, Quarterly Corporate Governance Report, continual disclosure are submitted to both the stock exchanges.
- As on 31st March 2014 there were no shareholder complaints.
- Companies website has all details on investor relations and is updated with results, shareholding pattern and corporate governance.

SOLAR

WE INVITE YOU TO VISIT OUR MANUFACTURING FACILITIES

THANK YOU!!!

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