Akshay Rathi & Associates
Chartered Accountants
119, Lendra Park, Near Dr. Golhor
Hospital, Ramdaspeth,
Nagpur- 440 010, India

S R B C & CO LLP
Chartered Accountants
12th Floor, The Ruby,
29 Senapati Bapat Marg, Dadar (West),
Mumbai–400 028, India
Registered Office: 22 Camac Street
Block 'B', 3rd Floor, Kolkata-700016
LLP Identity number: AAB-4318

INDEPENDENT AUDITOR'S 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 2019, 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 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, 2019, its profit including other comprehensive income, 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 'Auditor's 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.

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, 2019. 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 Auditor's 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.

AKSHAY RATHI & ASSOCIATES NAGPUR CHARTERED ACCOUNTANTS

S R B C & CO LLP MUMBAI CHARTERED ACCOUNTANTS

Report on the Audit of the Standalone Ind AS Financial Statements
Solar Industries India Limited

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
Revenue Recognition *(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 financial statement. 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. 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. As at 31 March, 2019, the Company is carrying a powder factor provision of INR 19.29 crores.	Our audit procedures include the following: • We evaluated the revenue recognition accounting policies. • We obtained an understanding of management's internal controls over the estimation of powder factor. • We read the agreement with customers for validating terms relating to powder factor. • We assessed the key assumptions made by the management in estimating powder factor provisions. • We verified the sales register to trace the quantity supplied and to verify the arithmetical accuracy of powder factor provision. • We evaluated the historical trend against the actual powder factor deduction. • We assessed the disclosures made in the financial statements.
Carrying value of trade receivables (as described in note 2.2 i (4) of the standalone Ind AS financial statements)	
As at March 31, 2019, trade receivables constitutes approximately 14% 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	Our audit procedures include the following: • We evaluated management's assumption and judgment involved in estimating recoverability. • We evaluated management's continuous assessment of the assumptions used in the impairment assessment which includes the historical default rates and business environment in which the entity operates.

AKSHAY RATHI & ASSOCIATES NAGPUR CHARTERED ACCOUNTANTS

S R B C & CO LLP MUMBAI CHARTERED ACCOUNTANTS

Report on the Audit of the Standalone Ind AS Financial Statements
Solar Industries India Limited

Key audit matters	How our audit addressed the key audit matter
default rates over the expected life of trade receivables and is adjusted for forward looking estimates which is also outlined in note 2.2 C (iv) of the financial statement. This is a key audit matter as significant judgement is involved to establish the provision matrix. The trade receivables balance, credit terms and aging as well as the Group's policy on impairment of receivables have been disclosed in Notes 7 to the financial statements.	• We assessed the disclosures made in the financial statements.
Receivables under Package Scheme of Incentives 2007 (PSI)	
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 1 July, 2017, post the implementation of Goods and Service Tax (GST), The Industry, Energy and Labour Department, Government of Maharashtra (Department), issued a notification dated 12 June 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. Management is yet to file the claim with the department for the incentives under GST period. Total outstanding receivable of PSI incentive as at 31 March 2019 is INR 82.84 crores. This is a key audit matter as significant judgement is involved to establish the recoverability and the timing of receipt of the above amount.	Our audit procedures include the following: • Read the PSI scheme and evaluated the eligibility of the Company to claim incentives. • 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. • We evaluated the historical trend of receiving amounts under PSI Scheme as against the claims filed. • Read the correspondences with the government department relating to incentive claims filed by the Company.

NAGPUR CHARTERED ACCOUNTANTS

S R B C & CO LLP MUMBAI CHARTERED ACCOUNTANTS

Report on the Audit of the Standalone Ind AS Financial Statements
Solar Industries India Limited

Information Other than the Financial Statements and Auditor's 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 auditor's 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.

AKSHAY RATHI & ASSOCIATES NAGPUR CHARTERED ACCOUNTANTS

S R B C & CO LLP MUMBAI CHARTERED ACCOUNTANTS

Report on the Audit of the Standalone Ind AS Financial Statements
Solar Industries India Limited

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 system 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 auditor's 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the 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.

Rathi & Associates Nagpur Chartered Accountants

S R B C & CO LLP Mumbai Chartered Accountants

Report on the Audit of the Standalone Ind AS Financial Statements
Solar Industries India Limited

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, 2019 and are therefore the key audit matters. We describe these matters in our auditor's 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, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) 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, 2019 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 Auditor's 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:

AKSHAY RATHI & ASSOCIATES NAGPUR CHARTERED ACCOUNTANTS

S R B C & CO LLP MUMBAI CHARTERED ACCOUNTANTS

Report on the Audit of the Standalone Ind AS Financial Statements
Solar Industries India Limited

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 registration number: 139703W

per Akshay Rathi
Proprietor
Membership No.: 161910

Place: Nagpur
Date: May 9, 2019

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

per Pramod Kumar Bapna
Partner
Membership No.: 105497

Place: Nagpur
Date: May 9, 2019

Report on the Audit of the Standalone Ind AS Financial Statements
Solar Industries India Limited

Annexure 1 referred to in paragraph 1 to Report on Other Legal and Regulatory Requirements of our report of even date

Solar Industries India Limited ('the Company')

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant & equipment.

(b) All property, plant & 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 the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held 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 Companies Act, 2013. 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 Companies Act, 2013. 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 Companies Act, 2013 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 Companies Act 2013 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 Companies Act 2013.

(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 Companies Act, 2013, related to the manufacture of industrial explosives and explosive initiating

AKSHAY RATHI & ASSOCIATES NAGPUR CHARTERED ACCOUNTANTS

S R B C & CO LLP MUMBAI CHARTERED ACCOUNTANTS

Report on the Audit of the Standalone Ind AS Financial Statements
Solar Industries India Limited

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, 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, 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 customs, duty of excise, value added tax, goods and service Tax and cess on account of any dispute, are as follows:

Nature of statue	Nature of the dues	Amount under dispute not deposited (Rs in Crores)	Amount deposited under protest (Rs. In crores)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Demand of excise duty (including penalty)	0.01	-	2004-2005	Supreme Court
Central Excise Act, 1944	Demand of excise duty (including penalty)	5.24	0.20	2000-2017	Tribunal
Central Excise Act, 1944	Demand of excise duty (including penalty)	0.15	-	2005-2017	Commissionarate
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 sales tax and VAT	0.43	0.04	2008-2014	Tribunal
State Sales Tax Act	Demand of VAT	0.43	0.07	2013-2016	High Court

AKSHAY RATHI & ASSOCIATES NAGPUR CHARTERED ACCOUNTANTS

S R B C & CO LLP MUMBAI CHARTERED ACCOUNTANTS

Report on the Audit of the Standalone Ind AS Financial Statements
Solar Industries India Limited

(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 by way of initial public offer / further public offer / debt instruments, but has raised money by way of term loan 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 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 Companies Act, 2013.

(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 Companies Act, 2013 - where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(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 Companies Act, 2013.

Akshay Rathi & Associates Chartered Accountants NAGPUR

S R B C & CO LLP Chartered Accountants MUMBAI

Report on the Audit of the Standalone Ind AS Financial Statements
Solar Industries India Limited

(xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For Akshay Rathi & Associates
Chartered Accountants
ICAI Firm registration number: 139703W

per Akshay Rathi
Proprietor
Membership No.: 161910

Place: Nagpur
Date: May 9, 2019

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

per Pramod Kumar Bapna
Partner
Membership No.: 105497

Place: Nagpur
Date: May 9, 2019

Report on the Audit of the Standalone Ind AS Financial Statements
Solar Industries India Limited

ANNEXURE 2 to the Independent Auditor's 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, 2019 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 Companies Act, 2013.

Auditor's 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 Companies Act, 2013, 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 auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

AKSHAY RATHI & ASSOCIATES NAGPUR CHARTERED ACCOUNTANTS

S R B C & CO LLP MUMBAI CHARTERED ACCOUNTANTS

Report on the Audit of the Standalone Ind AS Financial Statements
Solar Industries India Limited

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 Ind AS 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.

NAGPUR

MUMBAI

Report on the Audit of the Standalone Ind AS Financial Statements
Solar Industries India Limited

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, 2019, 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 registration number: 139703W

per Akshay Rathi
Proprietor
Membership No.: 161910

Place: Nagpur
Date: May 9, 2019

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

per Pramod Kumar Bapna
Partner
Membership No.: 105497

Place: Nagpur
Date: May 9, 2019

Solar Industries India Limited
Balance Sheet as at March 31, 2019
(All amounts in ₹ Crores, unless otherwise stated)

	Notes	As at March 31, 2019	As at March 31, 2018
ASSETS			
Non-current assets			
Property, Plant and Equipment	3A	468.24	419.71
Capital work in progress	3A	73.89	34.56
Intangible assets	3B	2.10	0.47
Financial assets			
Investments	4	62.10	57.67
Loans	5	175.48	167.88
Other financial assets	6	7.73	21.05
Current tax assets (net)		6.11	3.95
Other non-current assets	9	9.60	8.93
Total non-current assets		805.25	714.22
Current assets			
Inventories	10	93.57	90.66
Financial assets			
Investments	4	30.08	7.85
Trade receivables	7	185.49	157.64
Cash and cash equivalents	8	19.94	4.04
Bank balances other than cash and cash equivalents	8	7.37	5.90
Loans	5	38.32	52.95
Other financial assets	6	80.38	40.56
Other current assets	9	31.23	25.41
Total current assets		486.38	385.01
Non-current assets classified as held for sale	3A	0.53	1.60
Total assets		1,292.16	1,100.83
EQUITY AND LIABILITIES			
Equity			
Equity share capital	11	18.10	18.10
Other equity	11A	866.95	741.11
Total equity		885.05	759.21
LIABILITIES			
Non-current liabilities			
Financial Liabilities			
Borrowings	12	36.89	75.22
Deferred tax liabilities (net)	14	91.00	81.74
Total non-current liabilities		127.89	156.96
Current liabilities			
Financial liabilities			
Borrowings	13	45.22	21.26
Trade payables	15		
a) total outstanding dues to micro enterprises and small enterprises		3.24	3.96
b) total outstanding dues to creditors other than micro enterprises and small enterprises		83.03	55.31
Other financial liabilities	16	127.90	81.09
Current tax liabilities (net)		1.82	-
Other current liabilities	17	14.55	20.48
Provisions	17a	3.46	2.56
Total current liabilities		279.22	184.66
Total liabilities		407.11	341.62
Total equity and liabilities		1,292.16	1,100.83
Summary of significant accounting policies	2.2		

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

Nilesh Panpaliya
Chief Financial Officer

Place: Nagpur
Date: May 09, 2019

S R B C & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

AKSHAY RATHI & ASSOCIATES
NAGPUR
CHARTERED ACCOUNTANTS

SOLAR INDUSTRIES INDIA LIMITED

Solar Industries India Limited
Statement of Profit and Loss for the year ended March 31, 2019
(All amounts in ₹ Crores, unless otherwise stated)

	Notes	Year ended March 31, 2019	Year ended March 31, 2018
Revenue from operations	18	1,663.22	1,305.35
Other income	19	21.22	18.23
Total income		**1,684.44**	**1,323.58**
Expenses			
Cost of materials consumed	20	968.99	750.02
Purchases of stock-in-trade		92.77	91.39
Changes in inventories of finished goods, work-in-progress and stock-in-trade	21	13.92	(19.46)
Excise duty		-	32.08
Employee benefit expense	22	91.12	77.70
Finance costs	23	11.92	14.23
Depreciation and amortization expense	24	28.93	26.09
Other expenses	25	183.25	146.11
Total expenses		**1,390.90**	**1,118.16**
Profit before Exceptional items & tax		**293.54**	**205.42**
Exceptional items (net)	36	(6.05)	-
Profit before tax		**287.49**	**205.42**
Tax expense :			
- Current tax		88.77	57.00
- Adjustment of tax relating to earlier periods		(2.11)	0.01
- Deferred tax		9.36	14.15
Total tax expense	14	**96.02**	**71.16**
Profit for the year		**191.47**	**134.26**
Other comprehensive income/ (loss)			
Items that will not be reclassified to profit or loss			
Remeasurement gain/ (loss) on defined benefit plans		0.09	(1.59)
Income tax effect		(0.03)	0.55
		0.06	**(1.04)**
Items that will be reclassified to profit or loss			
Net movement on Cash Flow Hedge Reserve		(0.37)	0.04
Income tax effect		0.13	(0.02)
		(0.24)	**0.02**
Total Other comprehensive income/ (loss) for the year, net of tax		**(0.18)**	**(1.02)**
Total comprehensive income for the year		**191.29**	**133.24**
Earnings per equity share			
Basic and Diluted earnings per share	26	21.16	14.84
Summary of significant accounting policies	2.2		

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
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Khushboo Pasari
Company Secretary
Membership No.- F7347

Nilesh Panpaliya
Chief Financial Officer

Place: Nagpur
Date: May 09, 2019

Solar Industries India Limited
Statement of Cash flows for the year ended March 31, 2019
(All amounts in ₹ Crores, unless otherwise stated)

	Year ended March 31, 2019	Year ended March 31, 2018
Cash flows from operating activities		
Profit before tax	287.49	205.42
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and amortisation expense	28.93	26.09
Net gain on disposal of property, plant and equipment	(0.05)	(0.09)
Net gain on financial assets mandatorily measured at fair value through profit and loss	-	(0.27)
Profit on sale of financial assets carried at fair value through profit and loss	(1.91)	(1.78)
Dividend and interest income	(15.34)	(11.65)
Finance costs	11.92	14.23
Impairment loss on trade receivable	4.82	(0.29)
Bad debts written off	3.70	6.47
Loans and advances written off	0.16	2.67
Fair value changes on derivatives not designated as hedges	6.02	(0.12)
Net foreign exchange differences	9.16	(3.71)
Exceptional item (net)	6.05	-
Operating profit before working capital changes	340.95	236.97
Working capital adjustments :		
Decrease/ (Increase) in trade receivables	(38.87)	30.38
(Increase) in inventories	(2.91)	(12.83)
Increase in trade payables	27.00	7.88
(Increase) in other financial assets (excluding derivatives)	(23.24)	(5.56)
(Increase)/ Decrease in other assets (current and non current)	(5.02)	5.13
(Decrease)/ Increase in other current liabilities	(5.94)	2.35
Increase/ (Decrease) in provisions	0.98	(0.42)
Increase in other financial liabilities (excluding derivatives)	4.74	7.65
Cash generated from operations	296.77	271.55
Less : Income taxes paid	87.00	58.80
Net cash flows from operating activities	209.77	212.75
Cash flows from investing activities		
Purchase of property, plant and equipment, including capital work in progress and capital advances	(116.40)	(66.90)
Proceeds from sale of property, plant and equipment	2.30	1.55
Loan given to related parties	(459.38)	(806.82)
Loan recovered from related parties	462.72	800.13
Loans given to related party non current	(78.03)	(65.62)
Loans recovered from others	75.67	13.35
Proceeds from (Purchase)/ sale of non-current investments	(4.86)	0.29
Proceeds from (Purchase)/ sale of current investments	(19.88)	38.74
Investment in fixed deposits	(1.47)	(4.39)
Dividend and interest income received	10.11	11.41
Net cash flows from/ (used in) investing activities	(129.22)	(78.26)
Cash flows from financing activities		
Proceeds from non-current borrowings	97.34	50.04
Repayment of non-current borrowings	(108.23)	(66.30)
Proceeds from/ (Repayment of) current borrowings	23.49	(75.91)
Interest paid	(11.79)	(13.80)
Dividends paid to company's shareholders	(54.29)	(27.15)
Dividend distribution tax	(11.16)	(5.52)
Net cash flows from/ (used in) financing activities	(64.65)	(138.64)
Net increase / (decrease) in cash and cash equivalents	15.90	(4.15)
Add:-Cash and cash equivalents at the beginning of the year	4.04	8.19
Cash and cash equivalents at end of the year (refer note 8)	19.94	4.04

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MUMBAI

Solar Industries India Limited
Statement of Cash flows for the year ended March 31, 2019
(All amounts in ₹ Crores, unless otherwise stated)

Changes in liabilities arising from financing activities

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
Total liabilities from financing activities	**152.10**	**12.59**	**6.62**	**171.31**

Particulars	March 31, 2017	Cash flows	Foreign exchange management	March 31, 2018
Current borrowings	96.72	(75.91)	0.45	21.26
Non-current borrowings	149.09	(16.27)	(1.98)	130.84
Total liabilities from financing activities	**245.81**	**(92.18)**	**(1.53)**	**152.10**

Summary of significant accounting policies (refer note 2.2)
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
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Membership No.- 161910

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Company Secretary
Membership No.- F7347

Nilesh Panpaliya
Chief Financial Officer

Place : Nagpur
Date: May 09, 2019

AKSHAY RATHI & ASSOCIATES NAGPUR CHARTERED ACCOUNTANTS
S R B C & CO LLP MUMBAI CHARTERED ACCOUNTANTS
SOLAR INDUSTRIES INDIA LIMITED

Solar Industries India Limited
Statement of Changes in equity for the year ended March 31, 2019
(All amounts in ₹ Crores, unless otherwise stated)

A. Equity share capital

	No of Shares	Amount
As at April 1, 2017 (Equity Shares of ₹ 10 each issued, subscribed and fully paid)	9,04,90,055	18.10
As at March 31, 2018 (Equity Shares of ₹ 2 each issued, subscribed and fully paid)	9,04,90,055	18.10
As at March 31, 2019 (Equity Shares of ₹ 2 each issued, subscribed and fully paid)	9,04,90,055	18.10

B. Other equity

	Reserves and surplus				Cash flow hedge reserve (Note 11A)	Total Other equity
	Securities premium (Note 11A)	Retained earnings (Note 11A)	Capital reserve (Note 11A)	General reserve (Note 11A)		
Balance as at April 1, 2017	149.13	240.51	4.29	246.61	-	640.54
Profit for the year	-	134.26	-	-	-	134.26
Transfer from retained earnings	-	-	-	45.00	-	45.00
Transfer to General reserve	-	(45.00)	-	-	-	(45.00)
Other comprehensive income :						
Net movement in Cash Flow Hedges					0.02	0.02
Remeasurement loss on defined benefit plans	-	(1.04)	-	-	-	(1.04)
Transactions with owners :						
Dividend paid	-	(27.15)	-	-	-	(27.15)
Dividend distribution tax paid	-	(5.52)	-	-	-	(5.52)
Balance as at March 31, 2018	149.13	296.06	4.29	291.61	0.02	741.11
Balance as at April 1, 2018	149.13	296.06	4.29	291.61	0.02	741.11
Profit for the year	-	191.47	-	-	-	191.47
Transfer from retained earnings	-	-	-	60.00	-	60.00
Transfer to General reserve	-	(60.00)	-	-	-	(60.00)
Other comprehensive income :						
Net movement in Cash Flow Hedges	-	-	-	-	(0.24)	(0.24)
Remeasurement loss on defined benefit plans	-	0.06	-	-	-	0.06
Transactions with owners :						
Dividend paid	-	(54.29)	-	-	-	(54.29)
Dividend distribution tax paid	-	(11.16)	-	-	-	(11.16)
Balance as at March 31, 2019	149.13	362.14	4.29	351.61	(0.22)	866.95

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

per Akshay Rathi
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Nilesh Panpaliya
Chief Financial Officer

Place: Nagpur
Date: May 09, 2019

S R B C & CO LLP MUMBAI CHARTERED ACCOUNTANTS

AKSHAY RATHI & ASSOCIATES NAGPUR CHARTERED ACCOUNTANTS

SOLAR INDUSTRIES INDIA LIMITED

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.

RATHI & ASSOCIATES NAGPUR CHARTERED ACCOUNTANTS

S R B C & CO LLP MUMBAI CHARTERED ACCOUNTANTS

SOLAR INDUSTRIES INDIA LIMITED

New and amended standards adopted by the Company

The company has adopted the following standards and amendments for the first time for their annual reporting period commencing April 1, 2018:

Ind AS 115, *Revenue from Contracts with Customers*
Amendments to Ind AS 20, *Accounting for Government Grants and Disclosure of Government Assistance*
Appendix B. Foreign Currency Transactions and Advance Consideration to Ind AS 21, *The Effects of Changes in Foreign Exchange Rates*
Amendment to Ind AS 12, *Income Tax*
Amendment to Ind AS 28, *Investment in Associates and Joint Ventures* and Ind AS 112, *Disclosure of Interest in Other Entities*

The management has evaluated and concluded that the adoption of these amendments does not have any material impact on the financial statements.

Further, the application of Ind AS 115 did not have any material impact on recognition and measurement principles related to revenue recognition of the Company. However, it results in additional presentation and disclosure requirements for the company. The Company has updated presentation and disclosures in accordance with Ind AS 115 in the financial statements (also read with Note 35 to the financial statement).

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

Property, Plant and Equipment are stated at cost, less accumulated depreciation and accumulated impairment losses, if any. The cost comprises the purchase price and directly attributable costs of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. Capital work-in-progress includes cost of Property, Plant and Equipment that are not ready for their intended use.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labour, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent expenditure related to an item of Property, Plant and Equipment is added to its book value only if it is probable that future economic benefits associated with the item will flow to the Company. All other expenses on existing Property, Plant and Equipment, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the year during which such expenses are incurred.

Gains or losses arising from disposal of Property, Plant and Equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is disposed.

Capital work in progress is stated at cost, net of accumulated impairment loss, if any. Plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

c. Intangible assets

Intangible assets including software licenses of enduring nature and contractual rights acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Cost comprises the purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Gains or losses arising from disposal of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is disposed.

Research and development

Expenditures on research activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding are recognized in the statement of profit and loss when incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditures are capitalized only if development costs can be measured reliably; the product or process is technically and commercially feasible; future economic benefits are probable; and the Company intends to and has sufficient resources to complete development and to use or sell the asset.

Expenditure on research and development eligible for capitalization are carried as Intangible assets under development where such assets are not yet ready for their intended use.

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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 4 years once the development is complete.

Intangible assets relating to products in development are subject to impairment testing at each reporting date. All other intangible assets are tested for impairment when there are indications that the carrying value may not be recoverable. All impairment losses are recognized immediately in the statement of profit and loss.

The amortization period and the amortization method for intangible assets with a finite useful life are reviewed at each reporting date.

d. **Depreciation and amortization**

Depreciation on Property, Plant and Equipment is provided using the Straight Line Method ('SLM') over the useful lives of the assets estimated by the management. The management estimates the useful lives for the Property, Plant and Equipment as follows:

Assets	Company's estimate of useful life (in years)	Useful life as prescribed under Schedule II to the Companies Act, 2013 (in years)
Property , Plant and Equipment		
Buildings:		
Factory buildings	30	30
Other buildings	60	60
Roads (RCC and WBM)	15 to 30	5 to 10
Plant and Machinery:		
Factory Plant and Machinery	15 to 25	15 to 20
Electrical installations and Lab equipment	10	10
Bulk Deliver System (BDS)	12	8
Furniture and Fixtures	8 to 10	10
Vehicles (including Pump Trucks)	8 to 12	8 to 10
Office equipment and Computers	3 to 6	3 to 6
Leasehold land	Over lease period	Over lease period

Assets	Company's estimate of useful life (in years)
Intangible Assets	
Software and Licenses	6
Other (Transfer of Technology)	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.

AKSHAY RATHI & ASSOCIATES NAGPUR CHARTERED ACCOUNTANTS

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SOLAR INDUSTRIES INDIA LIMITED

e. Impairment of Property, Plant and Equipment and intangible 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. 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 the Company'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 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 excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Akshay Rathi & Associates Chartered Accountants Nagpur

S R B C & Co LLP Chartered Accountants Mumbai

Solar Industries India Limited

f. Finance costs

Borrowing costs that are directly attributable to acquisition, construction or production of an asset which necessarily take a substantial period to get ready for their intended use are capitalised as part of the cost of that asset. 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

Determining whether an arrangement contains a lease
The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in the arrangement.

Where the Company is a lessee
A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the company is classified as a finance lease.
Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.
A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.
Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

h. Investments in subsidiaries and associates

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

i. Financial instruments: -

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

1. Financial assets

Classification
Financial assets are classified, at initial recognition in the following categories:
- as subsequently measured at fair value (either through other comprehensive income, or through the Statement of Profit and Loss), and
- measured at amortized cost

AKSHAY RATHI & ASSOCIATES * CHARTERED ACCOUNTANTS * NAGPUR

S R B C & CO LLP * CHARTERED ACCOUNTANTS * MUMBAI

SOLAR INDUSTRIES INDIA LIMITED

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 Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of

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consideration that the Company could be required to repay.

2. **Financial liabilities**

Classification

The Company classifies its financial liabilities in the following measurement categories:

- those to be measured subsequently at fair value through the statement of profit and loss, and
- those measured at amortized cost

Measurement

A. Financial liabilities at amortized cost

Financial liabilities at amortized cost represented by borrowings, trade and other payables are initially recognized at fair value, and subsequently carried at amortized cost.

B. Financial liabilities at fair value through profit and loss:

Financial liabilities at fair value through profit and loss are measured at fair value with all changes recognized in the statement of profit and loss.

C. Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognized less cumulative amortization.

3. **Derivative financial instruments and hedge accounting**

The Company uses derivative financial instruments, such as forward currency contracts, foreign currency option contracts and interest rate swaps, to hedge its foreign currency risks and interest rate risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit and loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit and loss when the hedge item affects profit and 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

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and strategy for undertaking the hedge. The documentation includes the company's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they have been highly effective throughout the financial reporting periods for which they were designated.

4. **Impairment of financial assets**

The Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on financial assets. The Company measures the ECL associated with its assets based on historical trend, industry practices and the business environment in which the entity operates or any other appropriate basis. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Company follows 'simplified approach' for recognition of impairment loss allowance. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss. This amount is reflected under the head 'Other expenses' in the statement of profit and loss.

j. Revenue Recognition

Revenue from Contract with Customer

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

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

a. **Sale of products:**

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

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

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

1. Variable consideration

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

- **Volume rebates and discounts**

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

- **Powder Factor**

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

2. Significant financing component

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

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

b. Sale of projects:

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

c. **Interest Income:**

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

d. **Dividend:**

Revenue is recognised when the Company's right to receive the dividend is established by the reporting date. Dividend income is included under the head 'Other income' in the statement of profit and loss.

Contract balances

Contract assets

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

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional. Refer to accounting policies of financial assets in note no. 2.2 (l) 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 has been considered as revenue grant and the same has been recognized in the statement of profit and loss.

l. **Foreign currencies Transactions and Translation**

i) Functional and presentation currency
The financial statements are presented in Indian rupee (Rs), 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.

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Monetary foreign currency assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognized in the statement of profit and loss.

m. Inventories

Inventories are valued at the lower of cost and net realisable value.
Costs incurred in bringing each product to its present location and condition are accounted for as follows:

(i) **Raw materials:** cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.
(ii) **Finished goods and work in progress:** cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs. Cost is determined on weighted average basis.
(iii) **Traded goods:** cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

n. Retirement and other employee benefits

(i) Provident Fund
Provident fund is a defined contribution plan covering eligible employees. The Company and the eligible employees make a monthly contribution to the provident fund maintained by the Regional Provident Fund Commissioner equal to the specified percentage of the basic salary of the eligible employees as per the scheme. The contributions to the provident fund are charged to the statement of profit and loss for the year when the contributions are due. The Company has no obligation, other than the contribution payable to the provident fund.

(ii) Gratuity
Gratuity is a defined benefit obligation plan operated by the Company for its employees covered under the Company Gratuity Scheme. The cost of providing benefit under the gratuity plan is determined on the basis of actuarial valuation using the projected unit credit method at the reporting date. The scheme is funded with an insurance company in the form of qualifying insurance policy. Remeasurements, comprising of actuarial gains and losses are recognized in full in the statement of other comprehensive income in the reporting period in which they occur. Remeasurements are not reclassified to profit and loss subsequently.

(iii) Leave encashment
Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short-term employee benefit for measurement purposes. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.
The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the reporting date. Re-measurements, comprising of actuarial gains and losses are recognized in full in the statement of profit and loss.

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The Company presents the entire leave encashment liability as a current liability in the balance sheet, since employee is entitled to avail leave anytime and hence the company does not have an unconditional right to defer its settlement for twelve months after the reporting date.

o. Tax Expenses

Tax expense comprises of current tax and deferred income tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.
Deferred income taxes reflect the impact of temporary differences between tax base of assets and liabilities and their carrying amounts. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except deferred tax liability arising from initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, affects neither accounting nor taxable profit/loss at the time of transaction. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses, except deferred tax assets arising from initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, affects neither accounting nor taxable profit/loss at the time of transaction. Deferred tax assets are recognized only to the extent that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available against which such deferred tax assets can be realized.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the same taxable entity and the same taxation authority.

Deferred tax relating to items recognized outside the statement of profit and loss is recognized in co-relation to the underlying transaction either in other comprehensive income or directly in equity.

<u>Sales/ value added taxes paid on acquisition of assets or on incurring expenses</u>

Expenses and assets are recognized net of the amount of sales/ value added taxes 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 Company 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 Company does not have convincing evidence that it will pay normal tax during the specified period.

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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 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 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 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.

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t. Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

u. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

v. Non-current assets held for sale

The Company classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decisions to sell will be withdrawn. Management must be committed to the sale expected within one year from the date of classification.

For these purposes, sale transactions include exchanges of non-current assets for other non-current assets when the exchange has commercial substance. The criteria for held for sale classification is regarded met only when the assets is available for immediate sale in its present condition, subject only

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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. 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.

Expenditure on research and development eligible for capitalization are carried as Capital Work-in-Progress 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 depreciation period and the depreciation method for intangible assets with a finite useful life are reviewed at each reporting date.

y. 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.

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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.

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 utilized. 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

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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.

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 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 1 July, 2017, post the implementation of Goods and Service Tax (GST), The Industry, Energy and Labour Department, Government of Maharashtra (Department), issued a notification dated 12 June 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.

Recent accounting pronouncements

Standards issued but not effective

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the Solar Industries India Limited ("Company") financial statements are disclosed below. The company intends to adopt these standards, if applicable, when they become effective.

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Ind AS 116 Leases

Ind AS 116 Leases replaces Ind AS 17 Leases, including appendices thereto and is effective for annual periods beginning on or after April 1, 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on –balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees-leases of "low-value" assets (e.g. personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of –use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the remeasurement of the lease liability as an adjustment the right-of-use asset.
Lessor accounting under Ind AS 116 is substantially unchanged from today's accounting under Ind AS 17. Lessors will continue to classify all leases using the same classification principle as in Ind AS 17 and distinguish between two types of leases: operating and finance leases.

Ind AS 116, which is effective for annual periods beginning on or after April 1, 2019, requires lessees and lessors to make more extensive disclosures than under Ind AS 17.

The Company will adopt Ind AS 116 from financial year beginning April 1, 2019. On adoption, the Company expects to recognize lease liabilities with corresponding ROU assets for certain leases where the company is a lessee. The single lessee accounting model of Ind AS 116 will result in a front-loaded lease expense pattern. While the Company continues to evaluate certain aspects of Ind AS 116, it does not expect Ind AS 116 adoption to have a material effect on its financial statements.
The Company is analyzing potential changes to the current accounting practices and are in the process of implementing the same in connection with the adoption of Ind AS 116.

In addition to Ind AS 116, the MCA has also notified the following changes which are effective from financial year beginning 1 April. The Company will adopt these changes from the date effective however, the adoption of these changes is unlikely to have any impact on the financial statements:

Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment
Amendments to Ind AS 109: Prepayment Features with Negative Compensation
Amendments to Ind AS 19: Plan Amendment, Curtailment or Settlement
Amendments to Ind AS 28: Long –term interests in associates and joint ventures
Annual Improvement to Ind AS (2018)

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These Improvements include:

- Amendments to Ind AS 103 : Party to a Joint Arrangements obtains control of a business that is a Joint Operation
- Amendments to Ind AS 111 : Joint Arrangements
- Amendments to Ind AS 12 : Income Taxes
- Amendments to Ind AS 23 : Borrowing Costs

Solar Industries India Limited
Notes to Financial Statements for the year ended March 31, 2019
(All amounts in ₹ Crores, unless otherwise stated)

Note 3A. Property, Plant and Equipment

	Freehold Land	Leasehold Land*	Buildings	Furniture and Fixture	Plant and Machinery	Vehicles	Office Equipment and Computer	Total
Year Ended March 31, 2018								
Gross carrying amount as at April 1, 2017[1]								
Opening gross carrying amount	40.57	0.63	155.51	2.79	221.55	9.03	3.08	433.16
Additions	4.49	-	16.37	1.27	15.67	7.35	1.12	46.27
Asset held for sale (refer note 3C)	(1.60)	-	-	-	-	-	-	(1.60)
Disposals	-	-	(0.43)	-	(1.18)	(0.37)	(0.12)	(2.10)
Closing Gross Carrying Amount as at March 31, 2018	**43.46**	**0.63**	**171.45**	**4.06**	**236.04**	**16.01**	**4.08**	**475.73**
Accumulated depreciation								
Opening accumulated depreciation as at April 1, 2017	-	-	7.60	0.87	19.25	1.73	1.32	30.77
Depreciation charge for the year	-	0.03	6.18	0.48	16.91	1.62	0.67	25.89
Disposals	-	-	(0.06)	-	(0.13)	(0.33)	(0.12)	(0.64)
Closing Accumulated Depreciation as at March 31, 2018	**-**	**0.03**	**13.72**	**1.35**	**36.03**	**3.02**	**1.87**	**56.02**
Net Carrying Amount as at March 31, 2018	**43.46**	**0.60**	**157.73**	**2.71**	**200.01**	**12.99**	**2.21**	**419.71**
Year Ended March 31, 2019								
Gross carrying amount as at April 1, 2018								
Opening gross carrying amount	43.46	0.63	171.45	4.06	236.04	16.01	4.08	475.73
Additions	21.24	-	13.23	4.73	25.02	8.95	5.12	78.29
Asset held for sale (refer note 3C)	(0.06)	(0.47)	-	-	-	-	-	(0.53)
Disposals	-	-	(0.21)	(0.00)	(1.59)	(0.45)	(0.14)	(2.39)
Closing Gross Carrying Amount as at March 31, 2019	**64.64**	**0.16**	**184.47**	**8.79**	**259.47**	**24.51**	**9.06**	**551.10**
Accumulated Depreciation								
Opening accumulated depreciation as at April 1, 2018	-	0.03	13.72	1.35	36.03	3.02	1.87	56.02
Depreciation charge for the year	-	0.01	6.26	0.50	18.42	2.21	1.19	28.59
Disposals	-	-	(0.09)	(0.00)	(1.16)	(0.36)	(0.14)	(1.75)
Closing Accumulated Depreciation as at March 31, 2019	**-**	**0.04**	**19.89**	**1.85**	**53.29**	**4.87**	**2.92**	**82.86**
Net Carrying Amount as at March 31, 2019	**64.64**	**0.12**	**164.58**	**6.94**	**206.18**	**19.64**	**6.14**	**468.24**

Capital Work-in-Progress as at March 31, 2019	**79.89**
Capital Work-in-Progress as at March 31, 2018	34.56

[1] 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.

* Leasehold Land is amortised over useful life for the period of 99 years (Amounting to ₹ 0.07), 95 years (Amounting to ₹ 0.08) and 89 years (Amounting to ₹ 0.48) as per agreement.

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, 2019 was ₹ 3.07 (March 31, 2018: Nil). The rate used to determine the amount of borrowing costs eligible for capitalisation was 9.50%, which is the effective interest rate of the borrowings made specifically to acquire/ construct the qualifying asset.

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(All amounts in ₹ Crores, unless otherwise stated)

Note 3B. Intangible assets

	Software & License	Others [2]	Total
Year ended March 31, 2018			
Gross carrying amount as at April 1, 2017[1]	0.65	-	0.65
Additions	0.01	0.29	0.30
Disposals	-	-	-
Gross carrying amount as at March 31, 2018	0.66	0.29	0.95
Accumulated amortization			
Accumulated amortization as at April 1, 2017	0.28	-	0.28
Amortization for the year	0.18	0.02	0.20
Accumulated amortization as at March 31, 2018	0.46	0.02	0.48
Net carrying amount as at March 31, 2018	0.20	0.27	0.47
Year ended March 31, 2019			
Gross carrying amount as at April 1, 2018	0.66	0.29	0.95
Additions	1.97	-	1.97
Gross carrying amount as at March 31, 2019	2.63	0.29	2.92
Accumulated amortization as at April 1, 2018	0.46	0.02	0.48
Amortization for the year	0.31	0.03	0.34
Accumulated amortization as at March 31, 2019	0.77	0.05	0.82
Net carrying amount as at March 31, 2019	1.86	0.24	2.10

[1] Gross carrying amount and accumulated amortization 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.

[2] Others represents Transfer of Technology (TOT) by the Defence Research and Development Organisation (DRDO) to the Company for manufacturing of products for India Armed Forces for limited period of 10 years.

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Solar Industries India Limited
Notes to Financial Statements for the year ended March 31, 2019
(All amounts in ₹ Crores, unless otherwise stated)

Note 3C. Assets classified as held for sale

	March 31, 2019	March 31, 2018
Freehold Land	0.06	1.60
Leasehold Land	0.47	-
Total	0.53	1.60

As at March 31, 2019, the company intended to dispose off freehold and leasehold land as it has no future plans to utilise the same in the next 12 months. It was previously held for setting up a manufacturing plant. No impairment loss was recognised on reclassification of the freehold land as held for sale.

Solar Industries India Limited
Notes to Financial Statements for the year ended March 31, 2019
(All amounts in ₹ Crores, unless otherwise stated)

Note 4. Investments

Non-current investments

	Face value	Number of Shares/Units		Amount	
		March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Unquoted					
Investment carried at Cost					
Investment in Equity instruments in :					
Wholly owned subsidiaries (fully paid up)					
Economic Explosives Limited	₹ 10	48,00,000	48,00,000	14.50	14.50
Blastec India Private Limited	₹ 100	9,90,000	4,98,766	5.41	0.50
Emul Tek Private Limited	₹ 10	49,77,700	49,77,700	0.80	0.80
Solar Defence Limited	₹ 10	50,000	50,000	0.05	0.05
Solar Defence System Limited	₹ 10	50,000	50,000	0.05	0.05
Solar Overseas Mauritius Limited	$ 100	85,000	85,000	38.82	38.82
				59.63	54.72
Investment carried at Cost					
Investment in Equity instruments of Associates :					
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)
				-	-
Investment carried at Fair Value through Profit and Loss					
Investment in Equity instruments of Others					
Ganga Care Hospital Limited	₹ 10	1,10,000	1,10,000	0.11	0.11
				0.11	0.11
Investment in Venture Capital Fund (Unquoted)					
Kotak India Growth Fund II	₹ 1,00,000	500	500	2.36	2.84
				2.36	2.84
Aggregate amount of unquoted investments				62.10	57.67
Aggregate amount of impairment in value of investments				(0.98)	(0.98)

Current investments

	Face value	Number of Shares/Units		Amount	
		March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Quoted					
Investment at fair value through profit & loss					
Investment in equity instruments (fully paid-up) :					
IDFC Limited	₹ 10	10,900	10,900	0.05	0.05
Edserv Soft System Ltd.	₹ 10	3,500	3,500	-	-
Shree Ashtavinayak Cine Vision	₹ 1	5,000	5,000	-	-
Sunil Hitech Engineers Limited	₹ 1	-	1,16,000	-	0.10
Quoted					
Investment in Mutual Funds (fully paid-up)					
HDFC Prudence Fund-Direct Plan-Growth Option	₹ 10	-	1,06,466	-	5.38
Birla Sun Life Balanced '95 Fund-Growth Direct Plan	₹ 10	-	7,356	-	0.57
SBI Magnum Balanced Fund-Regular Growth	₹ 10	-	91,992	-	1.19
Kotak Balance Direct Plan Growth	₹ 10	-	2,19,861	-	0.56
Kotak Liquid Direct Plan Growth	₹ 10	79,339.89	-	30.03	-
				30.08	7.85
Aggregate amount of quoted investments and market value thereof (refer note 32)				30.08	7.85

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(All amounts in ₹ Crores, unless otherwise stated)

Note 5. Loans

	March 31, 2019		March 31, 2018	
	Current	Non-current	Current	Non-current
Unsecured, considered good				
Loan to related parties (refer note 29C)	38.07	173.21	40.99	95.60
Loan to Others (refer note 36)	-	-	11.23	56.05
Security deposits	0.25	2.27	0.73	1.84
Secured, considered good				
Loan to others	-	-	-	14.39
	38.32	175.48	52.95	167.88

Notes:

1. Loans are non derivative financial assets which generate a fixed interest income for the group. The carrying value may be affected by changes in the credit risk of the counterparties.
2. No Loans receivable are due from directors or other officers of the company either severally or jointly with any other person, nor any loans receivable are due from firms or private companies respectively in which any director is a partner, a director or a member, except for the balances disclosed in the notes below.

Loans to private companies in which the company's director is a director

	March 31, 2019		March 31, 2018	
	Current	Non-current	Current	Non-current
Blastec (India) Private Limited	-	-	15.13	-
Emul Tek Private Limited	2.91	-	2.19	-
	2.91	-	17.32	-

3. 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.
4. 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 carried an interest at the rate of 12% per annum whereas refer note 36 for interest rates on certain loans to others.

Note 6. Other financial assets

	March 31, 2019		March 31, 2018	
	Current	Non-current	Current	Non-current
Derivative instruments at fair value through profit and loss				
Fair valuation of derivative contracts (refer note 31)	0.03	-	2.00	-
	0.03	-	2.00	-
Others				
State Government Incentive Receivables	75.11	7.73	37.17	21.05
Other receivables from associates (refer note 29C)	-	-	1.14	-
Claims receivable	-	-	0.01	-
Interest accrued from related party (refer note 29C)	4.93	-	-	-
Interest accrued but not due on Fixed Deposits	0.31	-	0.24	-
	80.35	7.73	38.56	21.05
	80.38	7.73	40.56	21.05

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.

AKSHAY RATHI & ASSOCIATES CHARTERED ACCOUNTANTS NAGPUR

S R B C & CO LLP CHARTERED ACCOUNTANTS MUMBAI

SOLAR INDUSTRIES INDIA LIMITED

Solar Industries India Limited
Notes to Financial Statements for the year ended March 31, 2019
(All amounts in ₹ Crores, unless otherwise stated)

Note 7. Trade receivables

	March 31, 2019	March 31, 2018
Trade receivables	135.70	120.02
Receivables from related parties (refer note 29C)	57.82	53.91
Less: Impairment allowance	(8.03)	(16.29)
Total Trade receivables	**185.49**	**157.64**

Break-up of security details

	March 31, 2019	March 31, 2018
Secured, considered good	8.97	6.16
Unsecured, considered good	184.48	158.05
Trade Receivables - credit impaired	0.07	9.72
	193.52	**173.93**
Impairment allowance		
Unsecured, considered good	(7.96)	(6.57)
Trade Receivables - credit impaired	(0.07)	(9.72)
	(8.03)	**(16.29)**
	185.49	**157.64**

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person, nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member, except for the balances disclosed in the notes below.

Trade receivables are non-interest bearing and are generally on terms of 30 to 120 days.

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

	March 31, 2019	March 31, 2018
Receivables from related parties (refer note 29C)		
Emul Tek Private Limited	0.01	0.29
	0.01	**0.29**

Note 8. Cash and Bank balances

	March 31, 2019	March 31, 2018
Cash and cash equivalents		
Balances with banks		
In current accounts	19.49	3.22
Cheques on hand	0.37	0.71
Cash on hand	0.08	0.11
	19.94	**4.04**
Bank balances other than cash and cash equivalents		
Balances with Banks with original maturity of more than three months but less than 12 months	5.10	0.40
Balances with Bank held as margin money against bank guarantee & other commitments	2.21	5.46
Earmarked balances with banks *	0.06	0.04
	7.37	**5.90**

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

ASHWIN RATHI & ASSOCIATES NAGPUR CHARTERED ACCOUNTANTS

S R B C & CO LLP MUMBAI CHARTERED ACCOUNTANTS

SOLAR INDUSTRIES INDIA LIMITED

(All amounts in ₹ Crores, unless otherwise stated)

Note 9. Other assets

	March 31, 2019		March 31, 2018	
	Current	Non-Current	Current	Non-Current
Capital advances	-	8.72	-	7.98
Prepayments	0.51	-	1.16	-
Prepaid of leasehold property	0.03	0.88	-	0.95
Advances to suppliers for goods and services	6.69	-	7.74	-
Advances to staff	0.28	-	0.10	-
Balances with revenue authorities	23.72	-	16.41	-
	31.23	9.60	25.41	8.93

Note 10. Inventories

	March 31, 2019	March 31, 2018
Raw materials and packing materials (In transit of ₹ 4.78 (Previous year : ₹ 6.61))	60.86	45.05
Work-in-progress	15.20	23.38
Finished goods	4.67	5.05
Stock-in-trade (Includes stock in transit of ₹ Nil (Previous year : ₹ 5.48))	0.13	5.49
Stores and spares	11.69	10.08
Project inventory held for sale	1.02	1.61
	93.57	90.66

AKSHAY RATHI & ASSOCIATES * NAGPUR * CHARTERED ACCOUNTANTS

S R B C & CO LLP * MUMBAI * CHARTERED ACCOUNTANTS

SOLAR INDUSTRIES INDIA LIMITED

(All amounts in ₹ Crores, unless otherwise stated)

Note 11. Equity share capital

	Number of Shares		Amount	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Authorised equity share capital (face value ₹ 2 each)	13,50,00,000	13,50,00,000	27.00	27.00
	13,50,00,000	**13,50,00,000**	**27.00**	**27.00**
Issued, Subscribed and fully paid equity share capital (face value ₹ 2 each)	9,04,90,055	9,04,90,055	18.10	18.10
	9,04,90,055	**9,04,90,055**	**18.10**	**18.10**

(a) Movements in equity share capital

	Number of Shares	Amount
As at March 31, 2017	**9,04,90,055**	**18.10**
As at March 31, 2018	9,04,90,055	18.10
As at March 31, 2019	**9,04,90,055**	**18.10**

(b) Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 2 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Equity shares held by ultimate holding/ holding company and/ or their subsidiaries/ associates

The Company being ultimate holding company, there are no shares held by any other holding, ultimate holding company and their subsidiaries/ associates.

(d) Details of equity shares held by shareholders holding more than 5% of the aggregate shares in the Company

Name of the shareholder	% holding		Number of shares	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Shri Manish Nuwal	27.88%	4.93%	2,52,32,069	44,64,301
Shri Kailashchandra Nuwal	23.08%	19.60%	2,08,82,963	1,77,39,095
Shri Satyanarayan Nuwal	14.63%	22.48%	1,32,39,254	2,03,43,695
Smt. Indira Devi Nuwal	6.15%	6.15%	55,68,230	55,68,230
Smt. Leela Devi Nuwal	Nil	5.61%	Nil	50,75,940
Smt. Sohan Devi Nuwal	Nil	5.14%	Nil	46,49,690

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.

AKSHAY RATHI & ASSOCIATES NAGPUR CHARTERED ACCOUNTANTS

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SOLAR INDUSTRIES INDIA LIMITED

(All amounts in ₹ Crores, unless otherwise stated)

Note 11A. Other equity

Securities premium

As at April 1, 2017	**149.13**
Movement for the year 2017-18	-
As at March 31, 2018	**149.13**
Movement for the year 2018-19	-
As at March 31, 2019	**149.13**

Retained earnings

As at April 1, 2017	**240.51**
Add : Profit for the year	134.26
Less :Transfer to General Reserve	(45.00)
Less : Final Dividend of FY 2016-17	(27.15)
Less : Dividend Distribution Tax (DDT) on Final Dividend	(5.52)
Less : Remeasurement loss on defined benefit plans	(1.04)
As at March 31, 2018	**296.06**
Add : Profit for the year	191.47
Less :Transfer to General Reserve	(60.00)
Add : Remeasurement loss on defined benefit plans	0.06
Less : Final Dividend of FY 2017-18	(54.29)
Less : Dividend Distribution Tax (DDT) on Final Dividend	(11.16)
As at March 31, 2019	**362.14**

Capital reserve

As at April 1, 2017	**4.29**
Movement for the year	-
As at March 31, 2018	**4.29**
Movement for the year	-
As at March 31, 2019	**4.29**

General reserve

As at April 1, 2017	**246.61**
Add : Transfer from retained earnings	45.00
As at March 31, 2018	**291.61**
Add : Transfer from retained earnings	60.00
As at March 31, 2019	**351.61**

Cash flow hedge reserve

As at April 1, 2017	-
Movement for the year	0.02
As at March 31, 2018	**0.02**
Movement for the year	(0.24)
As at March 31, 2019	**(0.22)**

Total other equity

As at April 1, 2017	**640.54**
Movement for the year	100.57
As at March 31, 2018	**741.11**
Movement for the year	125.84
As at March 31, 2019	**866.95**

(All amounts in ₹ Crores, unless otherwise stated)

Nature and purpose of reserves

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

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

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

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

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

11B. Distribution made and proposed

	March 31, 2019	March 31, 2018
Cash dividends on equity shares declared :		
Final dividend for the year ended on March 31, 2018: ₹ 6 per share (March 31, 2017 ₹ 3 per share)	54.29	27.15
DDT on final dividend	11.16	5.52
	65.45	**32.67**
Proposed dividends on Equity shares*		
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 proposed dividend	13.02	11.16
	76.36	**65.45**

* Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability (including DDT thereon).

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SOLAR INDUSTRIES INDIA LIMITED

(All amounts in ₹ Crores, unless otherwise stated)

Financial liabilities

Note 12. Non-current Borrowings

	March 31, 2019	March 31, 2018
Secured Borrowings carried at amortised cost		
Term loans from banks		
Foreign currency loan from Banks	126.09	124.58
Indian Rupee term loan	0.00	6.26
Interest accrued but not due	-	0.38
	126.09	**131.22**
Less: Amount shown under "Other current financial liabilities" (refer note 16)		
Current maturities of long-term debt	(89.20)	(55.62)
Interest accrued but not due on non-current borrowings	-	(0.38)
	36.89	**75.22**

Note 13. Current Borrowings

	March 31, 2019	March 31, 2018
Secured - at Amortised cost		
From banks		
Foreign currency working capital loan	14.18	14.99
Buyer's credit	31.04	6.27
Interest accrued but not due	0.12	0.05
	45.34	**21.31**
Less: Amount shown under "Other current financial liabilities" (refer note 16)		
Interest accrued but not due on current borrowings	(0.12)	(0.05)
	45.22	**21.26**

AKSHAY RATHI & ASSOCIATES NAGPUR CHARTERED ACCOUNTANTS

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SOLAR INDUSTRIES INDIA LIMITED

(All amounts in ₹ Crores, unless otherwise stated)

Maturity profile of Non current Borrowing

	Maturity date	Terms of repayment	March 31, 2019	March 31, 2018
Secured				
Foreign currency term loan from Bank	September 28, 2018	Repayable in four equal half yearly instalment	-	6.22
Foreign currency term loan from Bank	July 9, 2018	Single repayment at the end of the term	-	16.19
Foreign currency term loan from Bank	August 31, 2021	Repayable in eight equal quarterly instalment starting after moratorium period of 12 months	49.18	-
Foreign currency term loan from Bank	March 31, 2020	Repayable in eight equal quarterly instalment starting after moratorium period of 12 months	23.78	44.33
Rupee Term Loan from Bank	March 31, 2020	Repayable in eight equal quarterly instalment starting after moratorium period of 12 months	-	6.26
Foreign currency term loan from Bank	August 31, 2018	Repayable in eight equal half yearly instalment	-	8.15
Foreign currency term loan from Bank	September 19, 2019	Single repayment at the end of the term	53.13	50.07
			126.09	131.22

The above foreign currency term loans from Banks carries an interest rate of LIBOR + 130 bps to 212 bps
The Indian rupee term loan from Bank carried an interest rate of 2.75% + 1 year MCLR

Maturity profile of Current Borrowing

	Maturity date	Terms of repayment	March 31, 2019	March 31, 2018
Secured				
Foreign currency working capital loan from Bank	October 24, 2018	Single repayment at the end of the term	-	14.99
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	May 23, 2018	Single repayment at the end of the term	-	6.27
Buyer's credit	July 19, 2019	Single repayment at the end of the term	15.18	-
			45.22	21.26

The above foreign currency working capital loans and Buyer's credit from Banks carries an interest rate of LIBOR + 28 bps to 130 bps

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 other loans do not carry any debt covenants. The Company has not defaulted on any loans payable.

(All amounts in ₹ Crores, unless otherwise stated)

Note 14. Tax expenses

The major components of tax expense for the year ended March 31, 2019 and March 31, 2018 are :

Statement of profit and loss:

Profit and loss section

	March 31, 2019	March 31, 2018
Current income tax:		
Current income tax charge	88.77	57.00
Adjustment of tax relating to earlier periods	(2.11)	0.01
Deferred tax:		
Relating to origination and reversal of temporary differences	9.36	14.15
Tax expense reported in the statement of profit and loss	**96.02**	**71.16**

OCI section

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

	March 31, 2019	March 31, 2018
Net (loss)/ gain on Cash flow hedges	(0.13)	0.02
Net (loss)/ gain on remeasurements of defined benefit plans	0.03	(0.55)
Income tax charged to OCI	**(0.10)**	**(0.53)**

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2019 and March 31, 2018 :

	March 31, 2019	March 31, 2018
Accounting profit before tax	287.49	205.42
Enacted income tax rate in India	34.944%	34.608%
Computed expected tax expense	100.46	71.09
Effect of :		
Research & Development expenditure	(3.64)	(1.20)
Corporate Social Responsibility expenditure	1.42	1.21
Donation	0.34	0.25
Others	(0.44)	(0.19)
Tax in respect of earlier years	(2.11)	0.01
Total income tax expense	**96.02**	**71.16**

Deferred tax

Deferred tax relates to the following :

Balance sheet

	March 31, 2019	March 31, 2018
Property, plant and equipment: Impact of difference between tax depreciation and depreciation/amortisation charged for the financial reporting	97.07	87.87
Financial assets at fair value through profit or loss	-	0.08
Derivative instruments at fair value through profit or loss	(1.71)	0.62
Provision for investments in associates	(0.34)	(0.34)
Provision towards trade receivables	(2.81)	(5.63)
Employee benefits	(1.21)	(0.86)
Net deferred tax (assets)/ liabilities	**91.00**	**81.74**

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Solar Industries India Limited
Notes to Financial Statements for the year ended March 31, 2019
(All amounts in ₹ Crores, unless otherwise stated)

Statement of profit and loss

	March 31, 2019	March 31, 2018
Property, plant and equipment: Impact of difference between tax depreciation and depreciation/ amortisation charged for the financial reporting	9.20	14.05
Provision towards trade receivables	2.82	0.10
Employee benefits	(0.35)	(0.38)
Financial assets at fair value through profit or loss	(0.08)	(0.06)
Derivative instruments at fair value through profit or loss	(2.33)	0.15
Gratuity	-	(0.24)
Remeasurement of defined benefit plans	(0.03)	0.55
Revaluation of cash flow hedges	0.13	(0.02)
Deferred tax expense/(income)	**9.36**	**14.15**

Reconciliation of Deferred tax liabilities (net):

	March 31, 2019	March 31, 2018
Opening balance	**81.74**	**68.12**
Tax (income)/expense during the period recognised in profit or loss	9.36	14.15
Tax (income)/expense during the period recognised in OCI	(0.10)	(0.53)
Closing balance	**91.00**	**81.74**

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, 2019 and March 31, 2018, 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.

(All amounts in ₹ Crores, unless otherwise stated)

Note 15. Trade payables

	March 31, 2019	March 31, 2018
Current		
Trade payables		
a) total outstanding dues to micro enterprises and small enterprises	3.24	3.96
b) total outstanding dues to creditors other than micro enterprises & small enterprises	80.84	44.79
Trade payables to related parties (refer note 29C)	2.19	10.52
	86.27	59.27

Trade payables are non-interest bearing and are normally settled on 60-day terms
For trade payables due to Micro and Small enterprises development, refer note 37
For terms and conditions with related parties, refer note 29C
For explanations on the Company's credit risk management processes, refer note 32

Note 16. Other current financial liabilities

	March 31, 2019	March 31, 2018
Derivative instruments at fair value through profit or loss		
Fair valuation of derivative contracts (refer note 31)	4.92	0.48
	4.92	**0.48**
Other financial liabilities at amortised cost		
Current maturities of long term debt (refer note 12)	89.20	55.62
Interest accrued on non-current borrowings (refer note 12)	-	0.38
Interest accrued on current borrowings (refer note 13)	0.12	0.05
	89.32	**56.05**
Others		
Capital creditors	5.22	1.29
Employees related payable (including labour related)	11.97	10.36
Liability towards trade discounts	16.41	12.87
Unclaimed dividend	0.06	0.04
	33.66	**24.56**
	127.90	**81.09**

Note 17. Other current liabilities

	March 31, 2019	March 31, 2018
Statutory dues	4.57	6.67
Contract Liabilities	9.51	13.30
Other advances	0.47	0.51
	14.55	**20.48**

Note 17a. Current Provisions

	March 31, 2019	March 31, 2018
Provision for employee benefits		
Provision for gratuity	0.36	0.08
Provision for leave encashment	3.10	2.48
	3.46	**2.56**

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SOLAR INDUSTRIES INDIA LIMITED

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Notes to Financial Statements for the year ended March 31, 2019

(All amounts in ₹ Crores, unless otherwise stated)

Note 18. Revenue from operations

	March 31, 2019	March 31, 2018
Sale of products (refer note 35)	1,610.23	1,262.62
Other operating revenues	52.99	42.73
	1,663.22	1,305.35

Revenue from operations for period up to June 30, 2017 includes excise duty amounting to ₹ 32.08. From July 1, 2017 onwards the excise duty and most indirect taxes in India have been replaced with Goods and Service Tax (GST). The Company collects GST on behalf of the Government. Hence, GST is not included in revenue from operations. In view of the aforesaid changes in indirect taxes, revenue from operations for the year ended March 31, 2019 is not comparable to the year ended March 31, 2018.

Note 19. Other income

	March 31, 2019	March 31, 2018
Interest income		
On financial assets carried at amortised cost		
from subsidiaries	13.75	9.29
from others	0.94	1.76
On deposits with bank	0.49	0.30
Profit on sale of investments carried at fair value through profit or loss	1.91	1.78
Interest received on income tax refund	-	1.07
Dividend income from equity investments designated at fair value through profit or loss	0.16	0.30
Net gain on disposal of property, plant and equipment	0.05	0.09
Net gain on financial assets mandatorily measured at fair value through profit or loss	-	0.27
Net gain on foreign currency transaction and translation	0.46	3.24
Miscellaneous income	3.46	-
Fair value gain on derivatives (net)	-	0.13
	21.22	18.23

Note 20. Cost of materials consumed

	March 31, 2019	March 31, 2018
Raw materials and packing materials at the beginning of the year	45.05	54.12
Add: Purchases during the year	984.80	740.95
Less: Raw materials and packing materials at the end of the year	60.86	45.05
	968.99	750.02

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(All amounts in ₹ Crores, unless otherwise stated)

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

	March 31, 2019	March 31, 2018
Opening balance		
Work-in progress	23.38	9.88
Finished goods	5.05	4.45
Stock-in-trade	5.49	0.13
	33.92	**14.46**
Closing balance		
Work-in progress	15.20	23.38
Finished goods	4.67	5.05
Stock-in-trade	0.13	5.49
	20.00	**33.92**
	13.92	**(19.46)**

Note 22. Employee benefit expense

	March 31, 2019	March 31, 2018
Salaries and wages (including bonus)	39.92	34.82
Remuneration to directors	8.90	8.70
Contribution to provident and other funds	3.28	2.72
Staff welfare expenses	1.13	1.04
Total - A	**53.23**	**47.28**
Labour charges (including bonus)	37.89	30.42
Total - B	**37.89**	**30.42**
Total expense (A+B)	**91.12**	**77.70**

Note 23. Finance costs

	March 31, 2019	March 31, 2018
Interest on debts and borrowings*		
To banks	9.00	13.84
To related parties	-	0.39
To Others	1.61	-
Exchange differences regarded as an adjustment to borrowing cost*	1.31	-
	11.92	**14.23**

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

Note 24. Depreciation and amortization expense

	March 31, 2019	March 31, 2018
Depreciation of property, plant & equipments (refer note 3A)	28.59	25.89
Amortization of intangible assets (refer note 3B)	0.34	0.20
	28.93	26.09

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(All amounts in ₹ Crores, unless otherwise stated)

Note 25. Other expenses

	March 31, 2019	March 31, 2018
Consumption of stores and spares	10.16	7.65
Repairs and maintenance :		
Plant and machinery	5.58	5.31
Buildings	1.48	2.43
Others	5.76	4.74
Water and electricity charges	22.26	16.46
Rates and taxes	1.91	2.52
Legal and professional fees	6.52	7.01
Travelling and conveyance	5.45	5.06
Sales commission expenses	4.44	6.92
Freight and forwarding charges	37.34	26.12
Transportation charges	21.93	12.64
Pump truck expenses	8.83	7.36
Security service charges	7.96	6.66
Sales promotion expenses	1.13	1.84
Donations	1.85	1.69
Advertisement expenses	0.66	0.83
Advances written off	0.16	2.17
Directors' sitting fees	0.15	0.11
Net loss on financial assets mandatorily measured at fair value through profit or loss	0.41	-
Fair value loss on derivatives	5.59	-
Bad debts written off	3.70	6.47
Loan to others written off	-	0.50
Impairment loss on financial assets	4.82	(0.29)
Corporate Social Responsibility expenditure (refer note 25(b))	4.05	3.51
Payments to auditors (refer note 25(a))	0.82	0.60
Miscellaneous expenses (mainly includes printing, communication, postage, office expenses etc)	20.29	17.80
	183.25	146.11

Note 25(a). Details of payments to auditors

	March 31, 2019	March 31, 2018
Payment to auditors		
As auditor:		
Audit fee	0.48	0.38
Limited Review	0.32	0.22
In other capacities		
Certification fees	0.02	-
	0.82	0.60

Note 25(b). CSR expenditure

	March 31, 2019	March 31, 2018
Gross amount required to be spent by the Company during the year	3.83	3.37
Amount spent in cash during the year		
(i) Construction/acquisition of an asset	-	-
(ii) On purposes other than (i) above	4.05	3.51

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Solar Industries India Limited
Notes to Financial Statements for the year ended March 31, 2019
(All amounts in ₹ Crores, unless otherwise stated)

Note 26. Earnings per share (EPS)

	March 31, 2019	March 31, 2018
Basic and Diluted EPS		
Profit attributable to the equity holders of the Company for basic and diluted EPS:	191.47	134.26
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 (₹)	**21.16**	**14.84**
Nominal value of shares (₹)	**2.00**	**2.00**

(All amounts in ₹ Crores, unless otherwise stated)

Note 27. Employee Benefit obligations

Post-employment obligations

Gratuity and other post-employment benefit plan

The Company has a defined benefit gratuity plan (funded). The Company's defined benefit gratuity plan is a final salary plan for the employees, which requires contributions to be made to a separately administered fund.

The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. Every employee who has completed at least 5 years of service gets a gratuity on departure @ 15 days (minimum) of the last drawn salary for each year of service. The fund has the form of a trust and it is governed by the Board of Trustees, which consists of an equal number of employer and employee representatives. The Board of Trustees is responsible for the administration of the plan assets and for the definition of the investment strategy . Under the gratuity plan, Company makes contribution to Solar Industries India Limited employee group gratuity assurance scheme (Post employment benefit plan of the Company) (refer note 29). The scheme is funded with an insurance company in the form of qualifying insurance policy.

The following tables summarized the components of net benefit expense recognized in the statement of profit and loss, other comprehensive income, and the funded status and amount recognized in the balance sheet.

The amounts recognized in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

Expense recognized in statement of Profit and Loss

	March 31, 2019	March 31, 2018
Service cost	0.76	0.87
Net interest cost	0.01	(0.05)
Expenses recognized in the statement of Profit and Loss	**0.77**	**0.82**

Other Comprehensive Income

	March 31, 2019	March 31, 2018
Opening amount recognized in OCI	-	-
Actuarial gain / (loss) on liabilities	0.17	(1.62)
Actuarial gain / (loss) on assets	(0.08)	0.03
Closing amount recognized in OCI	**0.09**	**(1.59)**

The amount recognized in Balance Sheet

	March 31, 2019	March 31, 2018
Present value of funded obligations	9.21	8.11
Fair value of plan assets	8.85	8.03
Net defined benefit liability / (assets) recognized in balance sheet	**0.36**	**0.08**

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(All amounts in ₹ Crores, unless otherwise stated)

Change in Present Value of Obligations

	March 31, 2019	March 31, 2018
Opening defined benefit obligations	8.12	5.32
Service cost	0.76	0.87
Interest Cost	0.62	0.36
Benefit Paid	(0.12)	(0.05)
Actuarial (gain)/ loss on total liabilities	(0.17)	1.62
Closing defined benefit obligations	**9.21**	**8.12**

Change in Fair Value of Plan Assets

	March 31, 2019	March 31, 2018
Opening fair value of plan assets	8.03	6.04
Actual Return on Plan Assets	0.54	0.44
Employer Contribution	0.41	1.60
Benefit Paid	(0.12)	(0.05)
Closing fair value of plan assets	**8.86**	**8.03**

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

	March 31, 2019	March 31, 2018
Investments with insurer (LIC)	100%	100%

The significant actuarial assumptions were as follows :

	March 31, 2019	March 31, 2018
Discount Rate	7.63% per annum	7.69% per annum
Rate of increase in Compensation levels	5.00% per annum	5.00% per annum
Rate of Return on Plan Assets	7.69% per annum	6.80% 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 finanacial year will be in line with financial year 2018-19.

Sensitivity Analysis

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

	March 31, 2019	Impact (Absolute)	Impact (%)
Base Liability	9.21		
Increase Discount Rate by 0.50%	9.00	(0.21)	-2.28%
Decrease Discount Rate by 0.50%	9.43	0.22	2.39%
Increase Salary Inflation by 1.00%	9.64	0.43	4.67%
Decrease Salary Inflation by 1.00%	8.82	(0.39)	-4.23%
Increase in Withdrawal Assumption by 5.00%	9.50	0.29	3.15%
Decrease in Withdrawal Assumption by 5.00%	8.70	(0.51)	-5.54%

Notes :

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

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Notes to Financial Statements for the year ended March 31, 2019
(All amounts in ₹ Crores, unless otherwise stated)

Note 28. Commitments and contingencies

Capital Commitments

	March 31, 2019	March 31, 2018
Estimated amount of contracts remaining to be executed on capital account (net of advances)	9.66	42.37

Contingent liabilities

	March 31, 2019	March 31, 2018
Guarantees excluding financial guarantees		
Corporate guarantees given by the Company on behalf of its wholly owned overseas subsidiary in respect of loans taken	299.07	277.95
Guarantees given by Company's Bankers on behalf of the Company, against sanctioned letter of credit (SBLC's)	-	33.95
Claims against the Company not acknowledged as debts (Note a)		
Excise related matters	4.88	5.22
Sales tax / VAT related matters	0.76	13.22
Income tax related matter	0.51	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 b

There are numerous interpretative issues relating to the Supreme Court (SC) judgement on PF dated 28th February, 2019. The Company does not expect to have a significant impact of the above ruling. The company will evaluate and update its provision, on receiving further clarity on the subject.

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SOLAR INDUSTRIES INDIA LIMITED

(All amounts in ₹ Crores, unless otherwise stated)

Note 29. Group Information

A	**Names of related parties and related party relationship :**
I	**Subsidiaries and associates**
	Indian subsidiaries
1	Economic Explosives Limited
2	Blastec (India) Private Limited
3	Emul Tek Private Limited
4	Solar Defence Limited (Note - i)
5	Solar Defence Systems Limited (Note - i)
	Overseas subsidiary
1	Solar Overseas Mauritius Limited
	Overseas step down subsidiaries
1	Solar Mining Services Pty Limited, South Africa
2	Nigachem Nigeria Limited
3	Solar Overseas Netherlands B.V.
4	Solar Explochem Zambia Limited
5	Solar Patlayici Maddeler Sanayi Ve Ticaret Anonim Sirketi
6	P.T. Solar Mining Services (Note - i)
7	Solar Explochem (Ghana) Limited (Note - ii)
8	PATSAN Patlayici Maddeler Sanayi Ve Ticaret Anonim Sirketi (Note - ii)
9	Solar Nitro Ghana Limited (Note - i)
10	Solar Madencilik Hizmetleri A.S
11	Solar Overseas Netherlands Cooperative U.A
12	Solar Overseas Singapore Pte Ltd
13	Solar Industries Africa Limited
14	Solar Nitro Zimbabwe (Private) Limited (Note - i & iv)
15	Solar Nitro Chemicals Limited (Note - i)
16	Solar Mining Services Pty Ltd, Australia*
17	Solar Industrias Mozambique LDA (Note - iii)
	Associates / Joint Ventures
1	Solar Bhatgaon Extension Mines Pvt. Limited (Note - i)
2	SMS Bhatgaon Mines Extension Pvt. Limited (Note - i)

Note - i: The entity has not commenced its business operations
Note - ii: The entity is under liquidation
Note - iii: The entity liquidated on October 18, 2018
Note - iv: The entity is incorporated on October 10, 2018
* Formerly known as Australian Explosives Technologies Group Pty Limited

NAGPUR CHARTERED ACCOUNTANTS

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SOLAR INDUSTRIES INDIA LIMITED

II Key Management Personnel (KMP)

Shri Satyanarayan Nuwal (Chairman and Executive Director)
Shri Kailashchandra Nuwal (Vice Chairman and Executive Director)
Shri Manish Nuwal (Managing Director and CEO)
Shri Roomie Dara Vakil (Executive Director) (Resigned w.e.f. May 11, 2018)
Shri Suresh Menon (Executive Director) (Appointed w.e.f. May 11, 2018)
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
Shri Dilip Patel
Shri Ajai Nigam
Shri Amrendra Verma
Smt Madhu Vij

Non executive Independent Directors were only paid sitting fees for attending Board & Board Committee meetings for the year 2018-19.
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

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.

(All amounts in ₹ Crores, unless otherwise stated)

B. Transactions with related parties during the year

Nature of Transaction	March 31, 2019	March 31, 2018
Sales of products and services		
Economic Explosives Limited	82.27	76.88
Blastec (India) Private Limited	2.01	1.90
Nigachem Nigeria Limited	30.32	10.63
Solar Explochem Zambia Limited	8.46	9.45
Solar Patlayici Maddeler Sanayi Ve Ticaret Anonim Sirketi	45.20	34.11
Solar Mining Services (Pty) Ltd, South Africa	17.23	17.46
Solar Mining Services Pty Ltd (formerly known as Australian Explosive Technologies Group Pty Limited)	5.00	1.45
Total	**190.49**	**151.88**
Other operating income		
Economic Explosives Limited- License	0.22	0.25
Nigachem Nigeria Limited (Technical consultancy)	0.99	0.70
Other Income (Arrangement fees)		
Solar Overseas Mauritius Ltd.	1.00	0.37
Solar Mining Services (Pty) Ltd, South Africa	0.11	-
Solar Patlayici Maddeler Sanayi Ve Ticaret Anonim Sirketi	0.17	-
Cross Charges recovered		
Economic Explosives Limited	0.17	-
Blastec (India) Private Limited	0.02	-
Nigachem Nigeria Limited	0.08	-
Solar Explochem Zambia Limited	0.06	-
Solar Patlayici Maddeler Sanayi Ve Ticaret Anonim Sirketi	0.16	-
Solar Mining Services (Pty) Ltd, South Africa	0.04	-
Solar Mining Services Pty Ltd, Australia	0.00	-
Total	**3.02**	**1.32**
Sale of fixed assets		
Emul Tek Private Limited	-	0.16
Total	**-**	**0.16**
Purchase of raw material and components		
Economic Explosives Limited	86.73	83.53
Solar Mining Services (Pty) Ltd	-	0.58
Solar Patlayici Maddeler Sanayi Ve Ticaret Anonim Sirketi	0.01	-
Solar Mining Services (Pty) Ltd, South Africa	0.06	-
Total	**86.80**	**84.11**
Balances written off		
SMS Bhatgaon Mines Extension Private Limited	1.00	-
Solar Bhatgoan Extension Mines Private Limited	0.14	-
Total	**1.14**	**-**
Donation made		
Solar Enlightenment Foundation	0.62	0.63
Total	**0.62**	**0.63**
Purchase of License		
Economic Explosives Limited	1.24	0.43
Total	**1.24**	**0.43**
Other Expenditure		
Solar Synthetics Private Limited	0.19	0.20
Solar Synthetics Private Limited (Rent)	0.06	0.06
Solar Mining Services Pty Ltd (formerly known as Australian Explosive Technologies Group Pty Limited)	0.34	-
Total	**0.59**	**0.26**

(All amounts in ₹ Crores, unless otherwise stated)

B. Transactions with related parties during the year

Nature of Transaction	March 31, 2019	March 31, 2018
Investment		
Blastec (India) Private Limited	4.91	-
Total	**4.91**	**-**
Loans given/ (repaid) during the year		
Given		
Economic Explosives Limited Given	398.38	771.43
Blastec (India) Private Limited Given	60.19	73.76
Solar Overseas Mauritius Ltd. Loan Given	78.03	22.74
Emul Tek Private Limited Given	0.81	2.43
	537.41	**870.36**
Repaid		
Economic Explosives Limited Recovered	(390.84)	(725.90)
Blastec (India) Private Limited Recovered	(65.82)	(73.86)
Solar Overseas Singapore Pte Ltd. Recovered	-	(0.03)
Emul Tek Private Limited Recovered	(0.04)	(0.27)
	(456.70)	**(800.06)**
Total (net)	**80.71**	**70.30**
Loans taken/ (repaid) during the year		
Commercial Sales Corporation	-	(21.16)
Total	**-**	**(21.16)**
Interest Income		
Economic Explosives Limited	6.07	4.33
Blastec (India) Private Limited	1.24	1.20
Emul Tek Private Limited	0.21	0.06
Solar Overseas Mauritius Ltd	6.23	3.70
SMS Bhatgaon Mines Extension Private Limited	0.06	0.11
Solar Bhatgoan Extension Mines Private Limited	0.01	0.01
Total	**13.82**	**9.41**
Interest Charge		
Commercial Sales Corporation	-	0.39
Total	**-**	**0.39**
Remuneration to KMP*		
Short-term employee benefits		
Shri S.N. Nuwal	2.70	2.70
Shri K.C. Nuwal	2.70	2.70
Shri Manish Nuwal	2.70	2.70
Shri R D Vakil	0.03	0.27
Shri Suresh Menon	0.35	-
Shri Anil Kumar Jain	0.42	0.33
Shri Nilesh Panpaliya	0.32	0.29
Mrs. Khushboo Pasari	0.11	0.09
Total	**9.33**	**9.08**
Sitting fees		
Shri Anant Sagar Awasthi	0.02	0.02
Shri Dilip Patel	0.04	0.03
Shri Ajai Nigam	0.03	0.02
Shri Amrendra Verma	0.03	0.02
Smt Madhu Vij	0.03	0.02
Total	**0.15**	**0.11**
Guarantee given on behalf of subsidiary		
Solar Overseas Mauritius Limited	-	198.51
Solar Mining Services (Pty) Limited, South Africa	34.58	41.71
Solar Patlayici Maddeler	-	30.96
Total	**34.58**	**271.18**

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B. Transactions with related parties during the year

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 31 March 2019, the Company has recorded an impairment of receivables relating to amounts owed by related parties of ₹ Nil (March 31, 2018: ₹ 4.30). 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 Company as a whole and individual amounts are not determinable.

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

	March 31, 2019	March 31, 2018
Loans		
Economic Explosives Limited	66.87	63.67
Blastec (India) Private Limited	8.30	15.13
Solar Overseas Mauritius Ltd.	133.21	55.60
Emul Tek Private Limited	2.91	2.19
Total	**211.29**	**136.59**
Other Financial Assets (Accrued Interest)		
Economic Explosives Limited	1.11	-
Blastec (India) Private Limited	0.21	-
Solar Overseas Mauritius Limited	3.56	-
Emul Tek Private Limited	0.05	-
Total	**4.93**	-
Trade receivables/ Other Receivables		
Nigachem Nigeria Limited	4.38	5.00
Solar Patlayici Maddeler Sanayi Ve Ticaret Anonim Sirketi	22.68	26.08
PATSAN Patlayici Maddeler Sanayi Ve Ticaret Anonim Sirketi	-	4.30
Blastec (India) Private Limited	2.07	-
Solar Mining Services (Pty) Limited, South Africa	16.07	11.04
SMS Bhatgaon Mines Extension Private Limited	-	1.00
Solar Bhatgoan Extension Mines Private Limited	-	0.14
Solar Explochem Zambia Limited	0.95	-
Emul Tek Private Limited	0.01	0.29
Economic Explosives Limited	8.36	7.20
Solar Mining Services (Pty) Limited, Australia	3.30	-
Solar Synthetics (P) Ltd *	0.00	-
Total	**57.82**	**55.05**
Trade payables/ Other payables		
Economic Explosives Limited	2.17	9.94
Solar Mining Services (Pty) Limited, South Africa	-	0.58
Solar Synthetics (P) Ltd	0.02	-
Shri S.N.Nuwal	0.07	0.20
Shri Manish Nuwal	0.08	0.22
Shri K.C. Nuwal	0.08	0.24
Total	**2.42**	**11.18**
Guarantees (including SBLC's) given on behalf of subsidiary		
Solar Overseas Mauritius Limited	181.51	205.02
Solar Mining Services (Pty) Limited	48.41	41.71
Solar Patlayici Maddeler Sanayi Ve Ticaret Anonim Sirketi	69.15	65.17
Total	**299.07**	**311.90**

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

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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 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.

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, 2019 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, 2019 is as follows:

	Notes	Carrying Value	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets					
Amortised cost -					
Loans	5	213.80	-	213.80	-
Other financial assets (except derivatives)	6	88.08	-	-	-
Trade receivables	7	185.49	-	-	-
Cash and cash equivalents	8	19.94	-	-	-
Bank balances other than cash and cash equivalents	8	7.97	-	-	-
Fair value through profit and loss					
Investment in equity instruments of others (unquoted)	4	0.11	-	0.11	-
Investment in Venture Capital Fund (unquoted)	4	2.36	-	2.36	-
Investment in equity instruments (quoted)	4	0.05	0.05	-	-
Investment in mutual funds (quoted)	4	30.03	30.03	-	-
Fair value through Other Comprehensive Income					
Derivative instruments designated as hedge	6	0.03	-	0.03	-
Financial Liabilities					
Amortised cost					
Borrowings					
Non-current	12	36.89	-	36.89	-
Current	13	45.22	-	45.22	-
Trade payables	15	86.27	-	-	-
Other financial liabilities (except derivatives)	16	122.98	-	-	-
Fair value through profit and loss					
Derivative instruments not designated as hedge	16	4.92	-	4.92	-

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

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The carrying value and fair value of financial instruments by categories including the quantitative disclosures of fair value measurement hierarchy as at March 31, 2018 is as follows:

	Notes	Carrying Value	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets					
Amortised cost					
Loans	5	220.83	-	220.83	-
Other financial assets (except derivatives)	6	59.61	-	-	-
Trade receivables	7	157.64	-	-	-
Cash and cash equivalents	8	4.04	-	-	-
Bank balances other than cash and cash equivalents	8	5.90	-	-	-
Fair value through profit and loss					
Investment in equity instruments of others (unquoted)	4	0.11	-	0.11	-
Investment in Venture Capital Fund (unquoted)	4	2.84	-	2.84	-
Investment in equity instruments (quoted)	4	0.15	0.15	-	-
Investment in mutual funds (quoted)	4	7.70	7.70	-	-
Fair value through Other Comprehensive Income					
Derivative Instruments	6	2.00	-	2.00	-
Financial Liabilities					
Amortised cost					
Borrowings					
Non-current	12	75.22	-	75.22	-
Current	13	21.26	-	21.26	-
Trade payables	15	59.27	-	-	-
Other financial liabilities (except derivatives)	16	80.61	-	-	-
Fair Value through profit and loss					
Derivative Instruments not designated as hedge	16	0.48	-	0.48	-

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

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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	Sensitivity Analysis	Interest Rate Swaps
	Term Loan		
Market Risk-Foreign Exchange	Recognized financial assets and liabilities not denominated in INR	Cash Flow Analysis	Foreign-exchange options contracts/forward
		Sensitivity Analysis	
Market Risk- Equity price risk	Investment in Equity Securities mutual funds and venture capital fund	Sensitivity Analysis	Portfolio Diversification
Credit Risk	Cash and Cash equivalents, loans given, trade receivables and investments	Ageing Analysis	Diversification of credit limits and letters of credit and Bank guarantee
		Credit Analysis	
Liquidity Risk	Borrowing, trade payables and other financial liabilities	Cash Flow forecasts	Availability of credit limits and borrowing facilities

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings, deposits, FVTPL investments and derivative financial instruments.
Market risk is attributable to all market risk sensitive financial instruments. The finance department undertakes management of cash resources, hedging strategies for foreign currency exposures, borrowing mechanism and ensuring compliance with market risk limits.

Interest Rate Risk

Interest rate risk is the risk that the fair value 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, 2019	March 31, 2018
Derivatives designated as hedge			
Interest rate swap*	USD	0.00	-

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

0.5% changes in LIBOR will increase/ decrease the borrowing cost by ₹ 0.86 (Pre-tax)

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

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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 ₹ 171.31 (March 31, 2018: ₹ 145.83). 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 labilities 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, 2019	March 31, 2018
Derivatives not designated as hedge			
Forward contract	USD	1.77	-
Call spread	USD	0.71	2.14

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

	March 31, 2019				March 31, 2018			
	USD	EURO	SEK	ZAR	USD	EURO	SEK	ZAR
Trade Receivable	69.64	-	-	15.35	61.91	1.62	-	-
Loans	136.92	-	-	-	55.39	-	-	-
Borrowings	-	-	-	-	6.27	-	-	-
Trade Payables	10.97	-	-	-	-	-	0.08	0.61
Capital Creditors	-	(3.60)	-	-	-	-	-	-

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

	March 31, 2019	March 31, 2018
USD	1.96	1.17
EURO	0.04	0.02
SEK*	-	0.00
ZAR	0.15	(0.01)

* Amount is less than SEK 0.01 in March 31, 2018

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Equity price risk

The Company's listed and non-listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of Directors reviews and approves all equity investment decisions.

Following are the details of investments which are subject to price risk:

	March 31, 2019	March 31, 2018
Investment in equity shares (quoted)	0.05	0.15
Investment in mutual funds	30.03	7.70

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 ₹ 0.30 (March 31, 2018: ₹ 0.08) (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.

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)

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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, 2019	133.36	23.09	37.07	193.52
As at March 31, 2018	102.26	10.96	60.71	173.93

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

	March 31, 2019	March 31, 2018
Opening balance	16.29	16.58
Provided during the year	3.47	(0.29)
Utilisation of provisions	(11.73)	-
Closing balance	**8.03**	**16.29**

No significant changes in estimation techniques or assumptions were made during the reporting period.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. The Company's finance department is responsible for liquidity, funding as well as settlement management and then processes related to such risks are overseen by senior management through rolling forecasts on the basis of expected cash flows.

Maturity profile of financial liabilities

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
March 31, 2019					
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	0.06	12.23	21.49	-	33.78
Derivative instruments	-	0.89	4.03	-	4.92
March 31, 2018					
Borrowings					
From Banks (net of interest accrued but not due)	-	12.53	64.35	75.22	152.10
Trade payables	-	59.27	-	-	59.27
Other financial liabilities	0.04	5.80	19.15	-	24.99
Derivative instruments	-	-	0.48	-	0.48

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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, 2019	March 31, 2018
Net Debt	116.19	139.81
Equity	885.05	759.21
Capital Employed	1,001.24	899.02
Net Gearing ratio	11.60%	15.55%

Calculation of net debt is as follows :

	March 31, 2019	March 31, 2018
Borrowings		
Non-Current	36.89	75.22
Current	45.22	21.26
Current maturities of long-term debt	89.20	55.62
	171.31	152.10
Cash and cash equivalents and Bank balance (excluding earmarked balances with banks and margin money)	25.04	4.44
Current investments	30.08	7.85
	55.12	12.29
Net Debt	116.19	139.81

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, 2019.

Note 34. Research & Development Expenditure:

1. Capital Expenditure incurred on R&D is included in property, plant and equipment and depreciation is provided on the same at the respective applicable rates.
2. Revenue expenditure incurred on R&D has been included in the respective account heads in the Statement of Profit and Loss.

Nature	March 31, 2019	March 31, 2018
Revenue Expenditure	7.19	5.28
Capital Expenditure	5.38	0.65
Total	12.57	5.93

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Note 35. Revenue from operations

a. **Principle 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, 2019	March 31, 2018
India	1,298.85	1,083.57
Rest of the World	311.38	179.05
Total	1,610.23	1,262.62

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, 2019.

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, 2019	March 31, 2018
Trade Receivables	185.49	157.64
Contract Liabilities	9.51	13.30

d. **Set out below is the amount of revenue recognised from**

	March 31, 2019	March 31, 2018
Amounts included in contract liabilities at the beginning of the year	12.98	11.37
Performance obligation satisfied in previous years	(9.89)	0.22

Increase/ (decrease) in contract liability is mainly on account of receipt from customers and revenue recognized during the year.

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

	March 31, 2019	March 31, 2018
Revenue as per contracted price	1,642.26	1,273.78
Adjustments for:		
Rebates, Discounts and Powder Factor deductions	(32.03)	(11.16)
Revenue from contract with customers	1,610.23	1,262.62

f. **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, 2019, the aggregate amount of the transaction price allocated to order backlog was ₹ 917.85. The Company expects to recognise revenue within the range from 90% to 95% of the order backlog through 2019-20.

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Note 36. Exceptional items

Chhattisgarh Mineral Development Corporation (CMDC), SMS Infrastructure Limited (SMS) and the Company (SOLAR) entered into a joint venture agreement (JVA) dated September 12, 2008 to develop and operate the coal block. As per the tender condition, the Company made a payment of ₹ 45.11 to CMDC for coal mining project. Following companies namely (i) Bhatgaon Mines Private Limited ("BMPL"); and (ii) Bhatgaon Extension Mines Private Limited ("BEMPL") were incorporated for this purpose and transactions made by the Company before forming of the aforesaid companies were incorporated in the books of BEMPL and BMPL and reflected as loan given in Company's books. The Company made further payments of ₹ 12.09 to BEMPL, BMPL, and other JV companies (SPVs) for coal block business purposes.

On July 19, 2013, CMDC terminated the JVA citing failure on part of SOLAR and SMS to perform their obligations. Further, the coal blocks got de-allocated by Ministry of Coal due to unsatisfactory progress. Due to de-allocation of coal blocks and considering the uncertainty, the Board of Directors of the Company approved not to charge interest on loans given to BEMPL and BMPL from FY 2012-13. Due to termination of JVA, SOLAR and SMS initiated arbitration proceedings against CMDC for recovery of their investments. Arbitration was awarded in favour of SOLAR and SMS vide order dated April 9, 2018 and accordingly, CMDC made a payment of ₹ 73.60 including interest of ₹ 19.16 to BMPL.

The said amount received by BMPL was apportioned between SOLAR and SMS in the ratio of their respective investments made. Accordingly, the Company has received an amount of ₹ 51.15 (including interest of ₹ 13.30) as against the total investments of ₹ 57.19 (in form of loans to BEMPL & BMPL disclosed under Note 5 as 'Non current loans' amounting to ₹ 56.05 and other receivables from SPVs disclosed under Note 6 as 'Other financial assets' amounting to ₹ 1.14). Accordingly, the Company has recognised interest income of ₹ 13.30 and written off the balance amount of ₹ 19.35, and disclosed the net amount of ₹ 6.05 under exceptional items in the Statement of profit and loss.

NAGPUR

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SOLAR INDUSTRIES INDIA LIMITED

(All amounts in ₹ Crores, unless otherwise stated)

Note 37. Details of dues to micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006:

	March 31, 2019	March 31, 2018
Principal amount outstanding (whether due or not) to micro and small enterprises	3.24	3.96
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.

Note 38. The financial statements were approved for issue by the Board of Directors on May 09, 2019

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

Nilesh Panpaliya
Chief Financial Officer

Place: Nagpur
Date: May 09, 2019

S R B C & CO LLP * CHARTERED ACCOUNTANTS * MUMBAI

AKSHAY RATHI & ASSOCIATES * CHARTERED ACCOUNTANTS * NAGPUR

SOLAR INDUSTRIES INDIA LIMITED

Akshay Rathi & Associates
Chartered Accountants
119, Lendra Park, Near Dr. Golhor
Hospital, Ramdaspeth,
Nagpur- 440 010, India

S R B C & CO LLP
Chartered Accountants
12th Floor, The Ruby,
29 Senapati Bapat Marg, Dadar (West),
Mumbai-400 028, India
Registered Office: 22 Camac Street
Block 'B', 3rd Floor, Kolkata-700016
LLP Identity number: AAB-4318

INDEPENDENT AUDITOR'S 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 jointly controlled entity comprising of the consolidated Balance Sheet as at March 31 2019, 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, 2019, 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 'Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements' section of our report. We are independent of the Group 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.

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, 2019. 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.

Report on the Audit of the Consolidated Ind AS Financial Statements
Solar Industries India Limited

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 Auditor's 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
Revenue Recognition *(as described in note 2.3 (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 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. 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. As at 31 March, 2019, the Holding Company is carrying a powder factor provision of INR 19.29 crores.	Our audit procedures include the following: • We evaluated the revenue recognition accounting policies. • We obtained an understanding of management's internal controls over the estimation of powder factor. • We read the agreement with customers for validating terms relating to powder factor. • We assessed the key assumptions made by the management in estimating powder factor provisions. • We verified the sales register to trace the quantity supplied and to verify the arithmetical accuracy of powder factor provision. • We evaluated the historical trend against the actual powder factor deduction. • We assessed the disclosures made in the consolidated Ind AS financial statements.
Carrying value of trade receivables (as described in note 2.3 (i)(iv)of the consolidated Ind AS financial statements)	
As at March 31, 2019, trade receivables constitutes approximately 17% of total assets of the Group. The Holding Company is required to regularly assess the recoverability of its trade receivables.	Our audit procedures include the following: • We evaluated management's assumption and judgment involved in estimating recoverability.

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Report on the Audit of the Consolidated Ind AS Financial Statements
Solar Industries India Limited

Key audit matters	How our audit addressed the key audit matter
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 2.3(i)(iv) of the financial statement. This is a key audit matter as significant judgement is involved to establish the provision matrix. The trade receivables balance, credit terms and aging as well as the Group's policy on impairment of receivables have been disclosed in Notes 7 to the consolidated Ind AS financial statements. The auditors of Economic Explosives Limited ('EEL'), a subsidiary of the Holding Company have also reported key audit matter on the aforesaid topic.	• We evaluated management's continuous assessment of the assumptions used in the impairment assessment which includes the historical default rates and business environment in which the entity operates. • We assessed the disclosures made in the consolidated Ind AS financial statements. 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.
<u>Receivables under Package Scheme of Incentives 2007 (PSI)</u>	
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. From 1 July, 2017, post the implementation of Goods and Service Tax (GST), The Industry, Energy and Labour Department, Government of Maharashtra, issued a notification dated 12 June 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. Management is yet to file the claim with the department for the incentives under GST period.	Our audit procedures include the following: • Read the PSI scheme and evaluated the eligibility of the Holding Company to claim incentives. • 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. • We evaluated the historical trend of receiving amounts under PSI Scheme as against the claims filed. • Read the correspondences with the government department relating to incentive claims filed by the Holding Company.

AKSHAY RATHI & ASSOCIATES NAGPUR CHARTERED ACCOUNTANTS

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Key audit matters	How our audit addressed the key audit matter
Total outstanding receivable of PSI incentive as at 31 March 2019 is INR 105.92 crores. This is a key audit matter as significant judgement is involved to establish the recoverability and the timing of receipt of the above amount. The auditors of Economic Explosives Limited ('EEL'), a subsidiary of the Holding Company have also reported key audit matter on the aforesaid topic.	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.
Deferred Tax Asset *(as described in note 2.3(o) of the consolidated Ind AS financial statements)*	
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. As at March 31, 2019, the Group has an outstanding deferred tax asset balance of Rs. 29.11 crores. 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. **A - Recoverability of deferred tax assets in South Africa** The company has recently started operations in South Africa. Being in the initial years of operations, these entities have incurred significant losses. The management has recognised deferred tax assets on these losses amounting to Rs. 15.28 crores as at March 31, 2019 based on the source of such losses, forecasts based on market expectations, its experience with respect to	Our audit procedures included the following: • 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:- **A – South Africa:** • 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. • Evaluated the progress made by the company in improving the profitability of the business in recent periods. • Assessed the credibility of the business plans used in the deferred tax asset recoverability assessment. These were based on a 5 year plan.

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Key audit matters	How our audit addressed the key audit matter
recoverability of losses from operations in the other territories and period over which these losses can be carried forward. The ultimate recoverability of the deferred tax asset depends on continued improvements in the profitability of the businesses.	• 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. • Assessed the performance of the company and the recoverability of losses in the other territories.
B - Recoverability of deferred tax assets in Australia 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. The company has incurred losses and has taxable timing differences on which deferred tax assets have been recognized amounting to Rs. 4.60 crores as at March 31, 2019. 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.	**B – Australia:** • 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. • Evaluated the progress made by the company in improving the profitability of the business. • Assessed the credibility of the business plans used in the deferred tax asset recoverability assessment. These were based on a five- year forecast. • Assessed the tax rate applied to the forecast future taxable profits and also the time period over which tax losses can be carried forward. • Assessed the performance of the company and the recoverability of losses in the other territories.

Information Other than the Financial Statements and Auditor's 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 auditor's 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.

AKSHAY RATHI & ASSOCIATES NAGPUR CHARTERED ACCOUNTANTS

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Report on the Audit of the Consolidated Ind AS Financial Statements
Solar Industries India Limited

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 of its associates and jointly controlled entity are also responsible for overseeing the financial reporting process of the Group and jointly controlled entity.

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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

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responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls system 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 auditor's 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 auditor's 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, 2019 and are therefore the key audit matters. We describe these matters in our auditor's 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.

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Report on the Audit of the Consolidated Ind AS Financial Statements
Solar Industries India Limited

Other Matter

(a) Financial statements and other financial information, in respect of 1 subsidiary, whose Ind AS financial statements include total assets of Rs. 587.23 crores as at March 31, 2019, and total revenues of Rs. 364.08 crores and net cash inflows of Rs. 14.40 crores for the year ended on that date. These financial statement and other financial information have been audited by one of the joint auditors, which financial statements, other financial information and auditor's 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 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 10 subsidiaries, whose Ind AS financial statements include total assets of Rs. 1,136.79 crores as at March 31, 2019, and total revenues of Rs. 772.98 crores and net cash outflows of Rs. 3.39 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 auditor's 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 report(s) of other auditors.

(c) The accompanying consolidated Ind AS financial statements include unaudited financial statements and other unaudited financial information in respect of 8 subsidiaries, whose financial statements and other financial information reflect total assets of Rs. 348.23 crores as at March 31, 2019, and total revenues of Rs. Nil and net cash outflows of Rs 6.39 crores for the year ended on that date. These unaudited financial statements and other unaudited financial information have been furnished to us by the management. The consolidated Ind AS financial statements also include the Group's share of net profit of Rs. Nil for the year ended March 31, 2019, 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 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 statement 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 financial statements and other financial information certified by the Management.

RATHI & ASSOCIATES NAGPUR CHARTERED ACCOUNTANTS

S R B C & CO LLP MUMBAI CHARTERED ACCOUNTANTS

Report on the Audit of the Consolidated Ind AS Financial Statements
Solar Industries India Limited

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 matter' 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, 2019 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 subsidiary companies, none of the directors of the Group's companies, incorporated in India is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) 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 subsidiary companies incorporated in India, refer to our separate Report in "Annexure 1" to this report;

(g) With respect to the other matters to be included in the Auditor's 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;

AKSHAY RATHI & ASSOCIATES NAGPUR CHARTERED ACCOUNTANTS

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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, 2019.

For Akshay Rathi & Associates
Chartered Accountants
ICAI Firm registration number: 139703W

per Akshay Rathi
Proprietor
Membership No.: 161910

Place: Nagpur
Date: May 9, 2019

AKSHAY RATHI & ASSOCIATES
NAGPUR
CHARTERED ACCOUNTANTS

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

per Pramod Kumar Bapna
Partner
Membership No.: 105497

Place: Nagpur
Date: May 9, 2019

S R B C & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

Report on the Audit of the Consolidated Ind AS Financial Statements
Solar Industries India Limited

ANNEXURE 1 to the Independent Auditor's 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, 2019, 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.

Auditor's 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 auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

AKSHAY RATHI & ASSOCIATES NAGPUR CHARTERED ACCOUNTANTS

S R B C & CO LLP MUMBAI CHARTERED ACCOUNTANTS

Report on the Audit of the Consolidated Ind AS Financial Statements
Solar Industries India Limited

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, 2019, 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.

AKSHAY RATHI & ASSOCIATES NAGPUR CHARTERED ACCOUNTANTS

S R B C & CO LLP MUMBAI CHARTERED ACCOUNTANTS

Report on the Audit of the Consolidated Ind AS Financial Statements
Solar Industries India Limited

Other Matters

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 registration number: 139703W

per Akshay Rathi
Proprietor
Membership No.: 161910

Place: Nagpur
Date: May 9, 2019

NAGPUR

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

per Pramod Kumar Bapna
Partner
Membership No.: 105497

Place: Nagpur
Date: May 9, 2019

MUMBAI

q/c

Solar Industries India Limited
Consolidated Balance Sheet - as at March 31, 2019
(All amounts in ₹ Crores, unless otherwise stated)

	Notes	As at March 31, 2019	As at March 31, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	3A	1,004.75	893.67
Capital work-in-progress	3A	166.46	96.84
Goodwill	3B	8.63	8.14
Other Intangible assets	3C	29.51	21.47
Intangible assets under development	3C	11.09	10.56
Financial assets			
Investments	4	2.56	3.04
Loans	5	12.13	83.42
Other financial assets	6	11.80	27.95
Deferred tax assets (net)	9A	29.11	7.14
Current tax assets (net)		9.79	3.97
Other non-current assets	11	27.22	20.23
Total non-current assets		**1,313.05**	**1,176.43**
Current assets			
Inventories	10	282.74	232.42
Financial assets			
Investments	4	30.08	14.01
Trade receivables	7	399.04	363.58
Cash and cash equivalents	8	61.00	52.49
Bank balances other than cash and cash equivalents	8	30.76	16.97
Loans	5	2.28	12.44
Other financial assets	6	96.36	52.51
Other current assets	11	66.17	72.66
Total current assets		**968.43**	**817.08**
Non-current assets classified as held for sale	3D	0.53	1.60
Total assets		**2,282.01**	**1,995.11**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	12	18.10	18.10
Other equity	12A	1,220.23	1,065.76
Equity attributable to shareholders		**1,238.33**	**1,083.86**
Non-controlling interests		47.55	47.38
Total equity		**1,285.88**	**1,131.24**
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Borrowings	13	155.61	196.10
Other financial liabilities	16B	0.53	-
Deferred tax liabilities (net)	19	119.47	101.07
Other non-current liabilities	17B	-	0.54
Provisions	18	0.15	0.18
Total Non-current liabilities		**275.76**	**297.89**
Current liabilities			
Financial liabilities			
Borrowings	14	312.92	229.28
Trade payables	15	163.30	143.33
Other financial liabilities	16A	185.36	128.36
Current tax Libilities (net)		3.51	13.97
Other current liabilities	17A	46.49	46.72
Provisions	18	8.79	4.32
Total current liabilities		**720.37**	**565.98**
Total liabilities		**996.13**	**863.87**
Total equity and liabilities		**2,282.01**	**1,995.11**
Summary of significant accounting policies	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

Manish Nuwal
Managing Director & CEO
DIN: 00164388

Khushboo Pasari
Company Secretary
Membership No.- F7347

Nilesh Panpaliya
Chief Financial Officer

Place: Nagpur
Date: May 09, 2019

Solar Industries India Limited
Consolidated statement of Profit and Loss for the year ended March 31, 2019
(All amounts in ₹ Crores, unless otherwise stated)

	Notes	Year ended March 31, 2019	Year ended March 31, 2018
Revenue from operations	20	2,461.57	1,951.47
Other income	21	14.72	12.10
Total income		**2,476.29**	**1,963.57**
Expenses			
Cost of materials consumed	22A	1,253.46	1,060.59
Purchases of stock-in-trade		137.34	40.39
Changes in inventories of finished goods, work-in-	22B	10.14	(37.40)
Excise duty		-	35.35
Employee benefit expense	23	184.20	142.36
Depreciation and amortization expense	26	58.89	51.29
Other expenses	24	374.49	298.63
Finance costs	25	49.87	32.72
Total expenses		**2,068.39**	**1,623.93**
Profit before Exceptional item & tax		**407.90**	**339.64**
Exceptional item (net) (refer note - 38)		(6.05)	-
Profit before tax		**401.85**	**339.64**
Tax expense			
- Current tax		130.45	89.44
- Adjustment of tax relating to earlier periods		(5.48)	(1.54)
- Deferred tax		0.08	18.15
Total tax expense	19	**125.05**	**106.05**
Profit for the year		**276.80**	**233.59**
Other comprehensive income/(loss)			
Items that will not be reclassified to Profit or Loss			
plans		(0.17)	(1.77)
Income tax effect		0.05	0.61
		(0.12)	**(1.16)**
Items that may be reclassified to Profit or Loss			
Net movement on Cash Flow Hedge Reserve		(51.89)	9.27
Income tax effect		4.76	(0.13)
		(47.13)	**9.14**
Total other comprehensive income/(loss) for the year, net of tax		**(47.25)**	**7.98**
Total comprehensive income for the year		**229.55**	**241.57**
Net profit attributable to			
a) Owners of the company		261.61	220.55
b) Non-controlling interest		15.19	13.04
		276.80	**233.59**
Other comprehensive income attributable to			
a) owners of the company		(40.82)	7.46
b) Non-controlling interest		(6.43)	0.52
		(47.25)	**7.98**
Total comprehensive income attributable to			
a) Owners of the company		220.79	228.01
b) Non-controlling interest		8.76	13.56
		229.55	**241.57**
Earnings per equity share			
Basic and Diluted earnings per share	27	28.91	24.37
Summary of significant accounting policies	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

Manish Nuwal
Managing Director &
CEO
DIN: 00164388

Khushboo Pasari
Company Secretary
Membership No.- F7347

Nilesh Panpaliya
Chief Financial Officer

Place: Nagpur
Date: May 09, 2019

Solar Industries India Limited
Consolidated Statement of cash flows for the year ended March 31, 2019
(All amounts in ₹ Crores, unless otherwise stated)

	Year ended March 31, 2019	Year ended March 31, 2018
Cash flows from operating activities		
Profit before tax	401.85	339.64
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and ammortisation expense	58.89	51.29
Net gain on disposal of property, plant and equipment	0.75	(0.14)
Net gain on financial assets mandatorily measured at fair value through profit or loss	(0.01)	(0.48)
Profit on sale of financial assets carried at fair value through profit or loss	(2.22)	(2.20)
Dividend and interest income	(4.25)	(3.57)
Finance costs	49.87	32.72
Impairment loss on financial asset	3.64	0.16
Bad debts written off	7.34	15.77
Loans and advances written off	0.27	2.67
Fair value changes on derivatives not designated as hedges	8.47	(0.78)
Remeasurement loss on defined benefit plans	0.04	-
Net foreign exchange differences	(39.60)	8.82
Exceptional Item	6.05	-
Operating profit before working capital changes	491.09	443.90
Working capital adjustments :		
Decrease/ (Increase) in trade receivables	16.17	(59.96)
(Increase) in inventories	(50.32)	(51.35)
(Decrease)/ Increase in trade payables	(45.06)	37.86
(Increase) in other financial assets (excluding derivatives)	(30.47)	(5.45)
(Increase) in other assets (current and non current)	(0.08)	(17.03)
(Decrease)/ Increase in other current and non current liabilities	(4.16)	27.13
Increase/ (Decrease) in provisions	2.05	(0.02)
Increase/ (Decrease) in other financial liabilities (excluding derivatives)	8.65	(31.53)
Cash generated from operations	387.87	343.55
Less : Income taxes paid	129.42	89.45
Net cash flows from operating activities	258.45	254.10
Cash flows from investing activities		
Purchase of property, plant and equipment, including capital work in progress and capital advances	(252.59)	(224.38)
Proceeds from sale of property, plant and equipment	2.48	1.68
Loans repaid by/ (given) to others	75.21	(9.37)
Loans repaid by others	0.00	19.30
Proceeds from sale of non-current investments	6.52	38.88
(Purchase) of/ proceeds from sale of current investments	(19.88)	-
Investment in fixed deposits	(14.40)	(3.51)
Dividend and interest income received	4.25	3.07
Net cash flows from investing activities	(198.41)	(174.33)
Cash flows from financing activities		
Proceeds from non-current borrowings	181.77	161.87
Repayment of non-current borrowings	(198.00)	(113.75)
Proceeds from/ (Repayment) of current borrowings	91.41	(32.16)
Repayment of borrowings current	(0.24)	-
(Repayment) of /Proceeds from current borrowings - Others	(1.40)	-
Acquisition of non controlling interest	-	(6.11)
On account of merger	-	(0.81)
On acquisition of subsidiary	-	(3.82)
Interest paid	(50.14)	(27.58)
Transaction with Non controlling interest	(5.29)	-
Dividends paid to Non controlling interest	(7.56)	(3.62)
Dividends paid to company's shareholders	(54.29)	(27.15)
Dividend distribution tax	(11.16)	(5.53)
Proceed from issue of fresh shares to minority	3.37	5.40
Net cash flows from/ (used in) financing activities	(51.53)	(53.21)
Net increase / (decrease) in cash and cash equivalents	8.51	26.56
Add:-Cash and cash equivalents at the beginning of the year	52.49	25.93
Cash and cash equivalents at end of the year (refer note 8)	61.00	52.49

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

NAGPUR

S R B C & CO LLP
MUMBAI

Solar Industries India Limited
Consolidated Statement of cash flows for the year ended March 31, 2019
(All amounts in ₹ Crores, unless otherwise stated)

Change in liabilities arising from financing activities

Particulars	March 31, 2018	Cash flows	Foreign exchange management	March 31, 2019
Current borrowings	229.28	89.77	(6.13)	312.92
Non-current borrowings	196.10	(16.23)	(24.26)	155.61
Total liabilities from financing activities	425.38	73.54	(30.39)	468.53

Particulars	March 31, 2017	Cash flows	Foreign exchange management	March 31, 2018
Current borrowings	260.99	(32.16)	0.45	229.28
Non-current borrowings	147.96	48.12	0.02	196.10
Total liabilities from financing activities	408.95	15.96	0.47	425.38

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

Nilesh Panpaliya
Chief Financial Officer

Place: Nagpur
Date: May 09, 2019

Solar Industries India Limited
Consolidated statement of Changes in Equity for the year ended March 31, 2019
(All amounts in ₹ Crores, unless otherwise stated)

12. Equity Share Capital

	No of Shares	Amount
At April 1, 2017 (Equity Shares of ₹ 10 each issued, subscribed and fully paid)	9,04,90,055	18.10
At March 31, 2018 (Equity Shares of ₹ 2 each issued, subscribed and fully paid)	9,04,90,055	18.10
At Mar 31, 2019 (Equity Shares of ₹ 2 each issued, subscribed and fully paid)	9,04,90,055	18.10

12A. Other Equity

	Reserves and surplus									
	Securities premium (Note 12A)	Retained earnings (Note 12A)	Capital reserve (Note 12A)	General reserve (Note 12A)	Foreign currency translation reserve (Note 12A)	Total	Cash flow hedge reserve (Note 12A)	Total	Non-controlling interest	Total
Balance as at April 1, 2017	149.13	369.78	16.39	434.44	(59.25)	910.49	-	910.49	40.26	950.75
Total profit for the year	-	220.55	-	-	-	220.55	-	220.55	13.04	233.59
On account of merger	-	(0.96)	0.15			(0.81)		(0.81)	-	(0.81)
Transfer from retained earnings	-	-	-	45.66	-	45.66		45.66	-	45.66
Other comprehensive income										
Remeasurement loss on defined benefit plans	-	(1.16)	-	-	-	(1.16)	-	(1.16)	-	(1.16)
Net movement in Cash Flow Hedges						-	0.25	0.25	-	0.25
Transfer to General reserve	-	(45.66)	-	-	-	(45.66)	-	(45.66)	-	(45.66)
Due to Turkey acquisition		(39.25)				(39.25)		(39.25)	-	(39.25)
Exchange differences on translation of foreign operations	-	-	-	-	8.37	8.37	-	8.37	0.52	8.89
Transactions with owners :										
Dividend paid	-	(27.15)	-	-	-	(27.15)	-	(27.15)	(3.62)	(30.77)
Dividend distribution tax paid	-	(5.53)	-	-	-	(5.53)	-	(5.53)	-	(5.53)
Non Controlling interest acquired during the year	-	-	-	-	-	-	-	-	(8.22)	(8.22)
Non Controlling interest arising on set-up of new subsidiary and issue of fresh shares by existing subsidiary	-	-	-	-	-	-	-	-	5.40	5.40
Balance as at March 31, 2018	149.13	470.62	16.54	480.10	(50.88)	1,065.51	0.25	1,065.76	47.38	1,113.14

NAGPUR
CHARTERED ACCOUNTANTS

S R B C & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

SOLAR INDUSTRIES INDIA LTD.

Other Equity (Continued...)

	Reserves and surplus									
	Securities premium (Note 12A)	Retained earnings (Note 12A)	Capital reserve (Note 12A)	General reserve (Note 12A)	Foreign currency translation reserve (Note 12A)	Total	Cash flow hedge reserve (Note 12A)	Total	Non-controlling interest	Total
Balance as at April 1, 2018	149.13	470.62	16.54	480.10	(50.88)	1,065.51	0.25	1,065.76	47.38	1,113.14
Total profit for the year	-	261.61	-	-	-	261.61	-	261.61	15.19	276.80
Profit of Stock Reserve	-	-			-	-		-	-	-
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)
Other comprehensive income										-
Remeasurement loss on defined benefit plans	-	(0.12)	-	-	-	(0.12)	-	(0.12)	-	(0.12)
Net movement in Cash Flow Hedges					-	-	(0.42)	(0.42)	-	(0.42)
Exchange differences on translation of foreign operations	-	-	-	-	(40.28)	(40.28)	-	(40.28)	(6.43)	(46.71)
Transactions with owners				-				-		-
Dividend paid	-	(54.29)	-	-	-	(54.29)	-	(54.29)	(6.89)	(61.18)
Dividend distribution tax paid	-	(11.16)	-	-	-	(11.16)	-	(11.16)	(0.69)	(11.85)
Non Controlling interest acquired during the year	-	-	-	-	-	-	-	-	(4.38)	(4.38)
Non Controlling interest arising on set-up of new subsidiary and issue of fresh shares by existing subsidiary	-	-	-	-	-	-	-	-	3.37	3.37
Balance as at March 31, 2019	149.13	573.99	16.54	571.90	(91.16)	1,220.40	(0.17)	1,220.23	47.55	1,267.78

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

S R B C & CO LLP MUMBAI CHARTERED ACCOUNTANTS

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

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

Manish Nuwal
Managing Director &
CEO
DIN: 00164388

Khushboo Pasari
Company Secretary
Membership No.- F7347

Nilesh Panpaliya
Chief Financial Officer

Place : Nagpur
Date : May 09, 2019

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 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 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 current when:

- 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.

NAGPUR CHARTERED ACCOUNTANTS

S R B C & CO LLP MUMBAI CHARTERED ACCOUNTANTS

SOLAR INDUSTRIES INDIA LTD.

New and amended standards adopted by the group

The group has adopted the following standards and amendments for the first time for their annual reporting period commencing Apr1, 2018 :

Ind AS 115, *Revenue from Contracts with Customers*
Amendments to Ind AS 20, *Accounting for Government Grants and Disclosure of Government Assistance*
Appendix B. Foreign Currency Transactions and Advance Consideration to Ind AS 21, *The Effects of Changes in Foreign Exchange Rates*
Amendment to Ind AS 12, *Income Tax*
Amendment to Ind AS 28, *Investment in Associates and Joint Ventures* and Ind AS 112, *Disclosure of Interest in Other Entities*

The management has evaluated and concluded that the adoption of these amendments does not have any material impact on the consolidated financial statements.

Further, the application of Ind AS 115 did not hav any material impact on recognition and measurement principles related to revenue recognition of the Group. However, it results in additional presentation and disclosure requirements for the group. The group has updated presentation and disclosures in accordance with Ind AS 115 in the financial statements (also read with Note 22 to the financial statement).

Basis of consolidation

The Consolidated Financial Statements comprise the financial statements of the Holding Company and its subsidiaries as at 31 March 2019. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than

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those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent Group, i.e., year ended on 31 March. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

Consolidation procedure:

(a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

(b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

(c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 *Income Taxes* applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in 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

2.3 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

Property, Plant and Equipment are stated at cost, less accumulated depreciation and accumulated impairment losses, if any. The cost comprises the purchase price and directly attributable costs of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. Capital work-in-progress includes cost of Property, Plant and Equipment that are not ready for their intended use.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labour, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent expenditure related to an item of Property, Plant and Equipment is added to its book value only if it is probable that future economic benefits associated with the item will flow to the Group. All other expenses on existing Property, Plant and Equipment, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period / 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.

Capital work in progress is stated at cost, net of accumulated impairment loss, if any. Plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

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 amortised 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

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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 4 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.

De-recognition of intangible assets.

Intangible assets are de-recognized either on their disposal or where no future economic benefits are expected from their use. Losses arising on such de-recognition are recorded in the statement of profit and loss, and are measured as the difference between the net disposal proceeds, if any, and the carrying amount of respective intangible assets as on the date of de-recognition.

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:

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Assets	Group's estimate of useful life (years)	Useful life as prescribed under schedule II (years)
Property, Plant and Equipment		
Buildings:		
Factory buildings	10 to 30	30
Other buildings	10 to 60	60
Roads (RCC and WBM)	15 to 30	5 to 10
Plant and Machinery:		
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
Leasehold land	Over lease period	Over lease period

Assets	Group's estimate of useful life (years)
Intangible Assets	
Software and Licenses	6
Other (Transfer of Technology)	10
Product Development Cost	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 and other intangible 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. 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.

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The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Group extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or 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. 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.

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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 Tax* and Ind AS 19 *Employee Benefits* respectively.

- Liabilities or equity instruments related to share based payment arrangements of the acquiree or share – based payments arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 *Share-based Payments* at the acquisition date.

- Assets (or disposal groups) that are classified as held for sale in accordance with Ind AS 105 Non-*current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

- Reacquired rights are measured at a value determined on the basis of the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or OCI, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind *AS 109 Financial Instruments*, is measured at fair value with changes in fair value recognised in profit or loss. If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

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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

Determining whether an arrangement contains a lease

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Where the Group is a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of profit and loss 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.

i) Financial assets

Classification

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

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.

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, joint ventures 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) is primarily derecognised (i.e. removed from the Group's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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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.

ii) 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.

iii) Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments, such as forward currency contracts, foreign currency option contracts and interest rate swaps, to hedge its foreign currency risks and interest rate risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment

- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment

- Hedges of a net investment in a foreign operation

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Group's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

iv) 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' in the Profit and Loss.

j. <u>Revenue Recognition</u>

<u>Revenue from Contract with Customer</u>

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 37.

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

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i. 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 good or rendering of service, the Group considers the effects of variable consideration and provisional pricing, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

a. **Variable consideration**

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

- **Volume rebates and discounts**

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

- **Powder Factor**

The Group estimates provision for powder factor on revenue from sale of products to certain customers which is generally the percentage of blast output achieved at the time of blasting of the products at the customer' 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.

b. **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 good or service will be one year or less.

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

ii. 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.

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iii. **Interest Income:**

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

iv. **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. I (i) 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 recognised 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 has been considered as revenue grant and the same has been recognized in the statement of profit and loss.

l. Foreign currencies transactions and translations

The Group's consolidated financial statements are presented in INR, which is also the parent Group's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

i) Functional and presentation currency

The financial statements are presented in Indian rupee (INR), which is Group's functional and presentation currency.

ii) Transactions and balances

Transactions in foreign currencies are recognized at the prevailing exchange rates on the transaction dates. Realised gains and losses on settlement of foreign currency transactions are recognized in Statement of Profit and Loss except for exchange differences on foreign currency borrowings relating to

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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:

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(i) **Raw materials**: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

(ii) **Finished goods and work in progress:** cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs. Cost is determined on weighted average basis.

(iii) **Traded goods:** cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

n. Retirement and other employee benefits

(i) Provident Fund

Provident fund is a defined contribution plan covering eligible employees. The Group and the eligible employees make a monthly contribution to the provident fund maintained by the Regional Provident Fund Commissioner equal to the specified percentage of the basic salary of the eligible employees as per the scheme. The contributions to the provident fund are charged to the statement of profit and loss for the period / year when the contributions are due. The Group has no obligation, other than the contribution payable to the provident fund.

(ii) Gratuity

Gratuity is a defined benefit obligation plan operated by the Holding Group and its Indian Subsidiaries for its employees covered under Group Gratuity Scheme. The cost of providing benefit under gratuity plan is determined on the basis of actuarial valuation using the projected unit credit method at the reporting date. The scheme is funded with an insurance Group in the form of qualifying insurance policy. Remeasurements, comprising of actuarial gains and losses are recognized in full in the statement of other comprehensive income in the reporting period in which they occur. Remeasurements are not reclassified to profit and loss subsequently.

Some of the overseas subsidiaries operate Gratuity scheme plan for employees as per laws of the respective countries, liability in respect of the same is provided on the accrual basis, estimated at each reporting date. Overseas subsidiaries do not operate any defined benefit plans for employees.

(iii) Leave encashment

Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short-term employee benefit. 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.

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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 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 statement of profit and loss.

Deferred income taxes reflect the impact of temporary differences between tax base of assets and liabilities and their carrying amounts. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except deferred tax liability arising from initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, affects neither accounting nor taxable profit/ loss at the time of transaction. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses, except deferred tax assets arising from initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, affects neither accounting nor taxable profit/ loss at the time of transaction. Deferred tax assets are recognized only to the extent that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available against which such deferred tax assets can be realized.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the same taxable entity and the same taxation authority.

Deferred tax relating to items recognized outside the statement of profit and loss is recognized in co-relation to the underlying transaction either in other comprehensive income or directly in equity.

<u>Sales/ value added taxes paid on acquisition of assets or on incurring expenses</u>

Expenses and assets are recognized net of the amount of sales/ value added taxes 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

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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.

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 of the Group.

(ii) Segment accounting policies

The Group has identified 'Explosives and its accessories', as its only primary reportable segment. The Board of Directors of the Holding Group have been identified as the Chief Operating Decision Maker (CODM) as defined under Ind AS 108. CODM reviews overall financial information of the Group together for performance evaluation and allocation of resources and does not review any discrete information to evaluate performance of any individual product or geography.

q. Earnings per share (EPS)

Basic earnings per share are calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the reporting period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares), if any occurred during the reporting period, that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit for the year attributable to the equity shareholders and the weighted average number of equity shares outstanding during the year, are adjusted for the effects of all dilutive potential equity shares.

r. Provisions

A provision is recognized when the Group has a present obligation as a result of past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are determined based on the best estimate required to settle the obligation at the reporting date. If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. These estimates are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

s. Contingent liability

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

t. Cash and cash equivalents

Cash and cash equivalent 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.

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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 sales 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,

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- An active programme to locate a buyer and complete the plan has been initiated (if applicable),
- The asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value,
- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, and
- Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Non-Current assets held for sale are measured at the lower of their carrying amount and the fair value less costs to sell. Assets and liabilities classified as held for sale are presented separately in the balance sheet.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortized.

w. Exceptional Items

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

x. Significant accounting estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying Grouping disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Group's accounting policies Management has made the following judgements, which have the most significant effect on the amounts recognized in the consolidated financial statement:

Deferred Tax Liability on Retained Earnings

Nigeria Nigachem Limited, one of the step-down subsidiaries of the Holding Company, has declared dividend during the current year. However, it has not created deferred tax liability on the amount of unremitted earnings as on March 31,2019, as per Para 39 of Ind AS12, as the Management has determined that the subsidiary will not be paying any further dividend in the foreseeable future and thus it would not be able to control the timing of reversal of the resultant temporary differences.

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.

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Useful Lives of Property, Plant & Equipment

The Group uses its technical expertise along with historical trends for determining the useful life of an asset/component of an asset which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The useful lives are reviewed by management periodically and revised, if appropriate. In case of a revision, the unamortized depreciable amount is charged over the remaining useful life of the assets.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Defined benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements

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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.

y. **Recent accounting pronouncements**

Standards issued but not effective

The amendments to standards that are issued, but not yet effective, up to the date of issurance of the Solar Industries India Limited ("Group") financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

Ind AS 116 Leases

Ind AS 116 Leases replaces Ind AS 17 Leases, including appendices thereto and is effective for annual periods beginning on or after 1 Apri 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on –balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees-leases of "low-value" assets (e.g. personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of –use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g.,a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the remeasurement of the lease liability as an adjustment the right-of-use asset.
Lessor accounting under Ind AS 116 is substantially unchanged from today's accounting under Ind 17. Lessors will continue to classify all leases using the same classification principle as in Ind AS 17 and distinguish between two types of leases : operating and finance leases.

Ind AS 116, which is effective for annual periods beginning on or after 1 April 2019, requires lessees and lessors to make more extensive disclosures than under Ind AS 17.

The Group will adopt Ind AS 116 from financial year beginning April 1,2019, On adoption, the Group expect to recognise lease liabilities with corresponding ROU assets for certain leases where the Group is a lessee. The single lessee accounting model of Ind AS 116 will result in a front-loaded lease expense pattern. While the Group continues to evaluate certain aspects of Ind AS 116, it does not expect Ind AS 116 adoption to have a material effect on its financial statements.
The Group is analyzing potential changes to the current accounting practices and are in the process of implementing the same in connection with the adoption of Ind AS 116.

In addition to Ind AS 116, the MCA has also notified the following changes which are effective from financial year beginning 1 April. The Group will adopt these changes from the date effective however, the adoption of these changes is unlikely to have any impact on the financial statements:

Appendix C to Inda AS 12 Uncertainty over Income Tax Treatment
Amendments to Ind AS 109: Prepayment Features with Negative Compensation
Amendments to Ind AS 19:Plan Amendment, Curtailment or Settlement
Amendments to Ind AS 28:Long –term interests in associates and joint ventures
Annual Improvement to Ind AS (2018)

These improvements include :

- Amendments to Ind AS 103 : Party to a Joint Arrangements obtains control of a business that is a Joint Operation
- Amendments to Ind AS 111 : Joint Arrangements
- Amendments to Ind AS 12 : Income Taxes
- Amendments to Ind AS 23 : Borrowing Costs

Solar Industries India Limited

Notes to Consolidated financial statement for the year ended March 31, 2019

(All amounts in ₹ Crores, unless otherwise stated)

Note 3A : Property, Plant and Equipment

PARTICULARS	Freehold Land	Leasehold Land *	Buildings	Furniture and Fixtures	Plant and Machinery	Vehicles	Office Equipment and Computers	Total
Year ended March 31, 2018								
Gross carrying amount as at April 1, 2017[1]	101.51	0.85	321.78	6.79	362.26	24.54	6.61	824.34
Exchange differences	0.39	-	(0.14)	0.69	(1.85)	0.95	(0.64)	(0.60)
Additions	5.75	-	127.34	2.69	30.83	17.50	1.92	186.03
Disposals	-	-	(0.49)	-	(1.18)	(0.37)	(0.20)	(2.24)
Asset held for sale (refer note 3D)	(1.60)	-	-	-	-	-	-	(1.60)
Closing gross carrying amount as at March 31, 2018	**106.05**	**0.85**	**448.49**	**10.17**	**390.06**	**42.62**	**7.69**	**1005.93**
Accumulated depreciation								
Opening accumulated depreciation as at April 1, 2017[1]	-	-	17.27	2.08	35.90	5.15	2.21	62.61
Depreciation charge for the year	-	0.07	15.40	1.30	28.56	4.27	1.19	50.79
Disposals	-	-	(0.05)	-	(0.13)	(0.33)	(0.19)	(0.70)
Exchange differences	-	-	(0.09)	(0.07)	(0.23)	(0.05)	-	(0.44)
Closing accumulated depreciation as at March 31, 2018	-	**0.07**	**32.53**	**3.31**	**64.10**	**9.04**	**3.21**	**112.26**
Net carrying amount as at March 31, 2018	**106.05**	**0.78**	**415.96**	**6.86**	**325.96**	**33.58**	**4.48**	**893.67**
Year ended March 31, 2019								
Gross carrying amount as at April 1, 2018								
Opening gross carrying amount	106.05	0.85	448.49	10.17	390.06	42.62	7.69	1,005.93
Exchange differences	(0.30)	-	(14.31)	(0.59)	(5.00)	(1.48)	-	(21.68)
Additions	25.78	-	61.70	6.70	67.85	25.68	6.41	194.12
Asset held for sale (refer note 3D)	(0.06)	(0.47)						(0.53)
Disposals	(0.21)	-	(0.21)	-	(7.36)	(0.81)	(0.14)	(8.73)
Closing gross carrying amount as at March 31, 2019	**131.26**	**0.38**	**495.67**	**16.28**	**445.55**	**66.01**	**13.96**	**1169.11**
Accumulated depreciation								
Opening accumulated depreciation as at April 1, 2018	-	0.07	32.53	3.31	64.10	9.04	3.21	112.26
Depreciation charge for the year	-	0.01	17.48	1.30	29.63	5.38	1.85	55.65
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
Closing accumulated depreciation as at March 31, 2019	**0.00**	**0.08**	**50.19**	**4.39**	**90.11**	**14.49**	**5.10**	**164.36**
Net carrying amount as at March 31, 2019	**131.26**	**0.30**	**445.48**	**11.89**	**355.44**	**51.52**	**8.86**	**1004.75**

Capital Work-in-Progress as at March 31, 2019	**166.46**
Capital Work-in-Progress as at March 31, 2018	**96.84**

[1] 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.

* Leasehold Land is amortised over useful life for the period of 99 years (Amounting to ₹ 0.07), 95 years (Amounting to ₹ 0.08) 89 years (Amounting to ₹ 0.48) & 68 years (Amounting to ₹ 0.17) as per agreement.

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 2019 was ₹ 5.92 (31 March 2018: Nil). 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 Crore as at March 31, 2019

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(All amounts in ₹ Crores, unless otherwise stated)

Note 38: 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, 2019	As at March 31, 2018
Balance at the beginning of the year	8.14	8.14
Foreign currency exchange gain/(loss)	0.49	-
Balance at the end of the year	**8.63**	**8.14**

The recoverable value of Solar Patlayici Meddeler Sanayi Ve Ticaret Anonim Sirketi ('SPMS') Rs. 4.53 and Solar Mining Services Pty Ltd - Australia ('SMS-Aus') Rs. 3.39 CGUs as at March 31, 2019, 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 at 1%.

As a result of this analysis, management has concluded the recoverable value of CGUs exceed the carrying value of CGU (including goodwill).

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

1. Sales growth rate
2. Discount rates

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

Discount rates - Discount rates represent the current market assessment of the risks specific to SPMS 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 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 and SMS-Aus CGUs to exceed its recoverable amount.

The remaining amount of goodwill of ₹ 0.71 (March 31, 2018 ₹ 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.

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

	Software & License	Product Development Cost	Transfer of Technology (TOT)2	Total
Year ended March 31, 2018				
Gross carrying amount as at April 1, 2017 [1]				
Opening gross carrying amount	0.65	-	6.64	7.29
Addition	0.01	-	16.42	16.43
Closing gross carrying amount as at March 31, 2018	**0.66**	**-**	**23.06**	**23.72**
Accumulated amortisation				
Opening Amortisation of intangible assets as at April 1, 2017[1]	0.28	-	0.10	0.38
Amortisation for the year	0.18	-	1.69	1.87
Closing accumulated amortization as at March 31, 2018	**0.46**	**-**	**1.79**	**2.25**
Net carrying amount as at March 31, 2018	**0.20**	**-**	**21.27**	**21.47**
Year ended March 31, 2019				
Gross carrying amount as at April 1, 2018				
Opening gross carrying amount	0.66	-	23.06	23.72
Addition	1.98	7.81	2.40	12.19
Closing gross carrying amount as at March 31, 2019	**2.64**	**7.81**	**25.46**	**35.91**
Accumulated amortisation				
Opening Amortisation of intangible assets as at April1, 2018	0.46	-	1.79	2.24
Amortisation for the year	0.31	1.26	2.58	4.16
Closing accumulated amortization as at March 31, 2019	**0.77**	**1.26**	**4.37**	**6.40**
Net carrying amount as at March 31, 2019	**1.87**	**6.55**	**21.09**	**29.51**

Intangible assets under development as at March 31, 2019	11.09
Intangible assets under development as at March 31, 2018	10.56

[1] 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.

[2] Others represents Transfer of Technology (TOT) by the Defence Research and Development Organisation (DRDO) to the group for manufacturing of products for India Armed Forces for limited period of 10 years.

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Note 3D: Assets classified as held for sale

	March 31, 2019	March 31, 2018
Freehold Land	0.06	1.60
Leasehold Land	0.47	-
Total	0.53	1.60

As at March 31, 2019, the Group intended to dispose off freehold and leasehold land as it has no future plans to utilise the same in the next 12 months. It was previously held for setting up a manufacturing plant. No impairment loss was recognised on reclassification of the freehold land as held for sale.

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Note 4 : Investments

Non-current investments

	Face value	Number of Shares/Units March 31, 2019	Number of Shares/Units March 31, 2018	Amount March 31, 2019	Amount March 31, 2018
Unquoted					
Investment carried at Cost					
Investment in Equity Instruments of Associates :					
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)
				-	-
Investment carried at Fair Value through Profit and Loss					
Investment in Equity Instruments of Others					
Ganga Care Hospital Limited	₹ 10	1,10,000	1,10,000	0.11	0.11
				0.11	0.11
Investment in Venture Capital Fund (Unquoted)					
Kotak India Growth Fund II	₹ 1,00,000	500	500	2.36	2.84
Investment in Mutual Fund (Quoted)					
ICICI Prudential Liquid Direct Plan	₹ 10	3,195	3,377	0.09	0.09
				2.45	2.93
Aggregate amount of investments				2.56	3.04

Current investments

	Face value	Number of Shares/Units March 31, 2019	Number of Shares/Units March 31, 2018	Amount March 31, 2019	Amount March 31, 2018
Quoted					
Investment at fair value through profit & loss					
Investment in equity instruments (fully paid-up) :					
IDFC Limited	₹ 10	10,900	10,900	0.05	0.05
Edserv Soft Systems Ltd.	₹ 10	3,500	3,500	-	-
Shree Ashtavinayak Cine Vision Ltd.	₹ 1	5,000	5,000	-	-
Sunil Hitech Engineers Limited	₹ 1	-	1,16,000	-	0.10
Quoted					
Investment in Mutual Funds (fully paid-up) :					
HDFC Prudence Fund-Direct Plan-Growth Option	₹ 10	-	1,06,466	-	5.39
Birla Sun Life Balanced '95 Fund-Growth Direct Plan	₹ 10	-	7,356	-	0.57
SBI Magnum Balanced Fund-Regular Growth	₹ 10	-	91,992	-	1.19
Kotak Balance Direct Plan Growth	₹ 10	-	6,96,211	-	1.77
Kotak Liquid Direct Plan Growth	₹ 10	79,339.89		30.03	-
Kotak Liquid Direct Plan Growth	₹ 1,000	-	658	-	0.23
Franklin India Balanced Fund - Direct - Growth	₹ 10	-	1,90,982	-	2.27
Franklin India Treasury Management Account-Super Institutional Plan-Direct-Growth	₹ 1,000	-	9,401	-	2.44
Aggregate amount of quoted Investments and market value thereof				30.08	14.01

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(All amounts in ₹ Crores, unless otherwise stated)

Note 5 : Loans

	March 31, 2019		March 31, 2018	
	Current	Non-current	Current	Non-current
Unsecured, considered good				
Loans to				
-Related parties (refer note 31C)	0.01	8.54	-	-
-Employees	1.72	-	0.22	-
-Others (refer note 38)	0.15	-	11.48	65.42
Security Deposits	0.40	3.48	0.74	3.62
Earnest Money Deposits	-	0.11	-	-
Secured considered good				
Loan to others	-	-	-	14.38
Total loans	**2.28**	**12.13**	**12.44**	**83.42**

Notes:

1. 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.

2. 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, 2019		March 31, 2018	
	Current	Non-current	Current	Non-current
Derivative instruments at fair value through profit or loss				
Fair valuation of derivative contracts (refer note 33)	0.91	-	4.12	-
Interest rate swaps (refer note 33)	0.05	-	0.53	-
	0.96	**-**	**4.65**	**-**
Others				
State Government Incentive Receivables	94.71	11.21	46.21	27.95
Other receivables from associates (refer note 31C)	-	-	1.14	-
Claims receivable	-	0.59	0.01	-
Interest accrued but not due on fixed deposit	0.69	-	0.50	-
	95.40	**11.80**	**47.86**	**27.95**
	96.36	**11.80**	**52.51**	**27.95**

Note:

Derivative instruments at fair value through profit or loss reflect the positive change in fair value of those foreign exchange option/forward contracts that are not designated in hedge relationship, but are, nevertheless, intended to reduce the level of foreign currency risk for foreign currency borrowing.

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Note 7 : Trade receivables

	March 31, 2019	March 31, 2018
Trade receivables	421.61	395.21
Less: Impairment allowance	(22.57)	(31.63)
	399.04	363.58

Break-up of security details

	March 31, 2019	March 31, 2018
Secured, considered good	11.31	8.19
Unsecured considered good	398.81	372.82
Trade Receivables - credit impaired	11.49	14.20
	421.61	395.21
Impairment allowance		
Unsecured, considered good	(11.08)	(17.43)
Trade Receivables - credit impaired	(11.49)	(14.20)
	(22.57)	(31.63)
	399.04	363.58

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, 2019	March 31, 2018
Cash and cash equivalents		
Balances with banks		
in current accounts	47.38	50.70
Deposit with Bank	12.25	-
Cheque on hand	0.41	0.83
Cash on hand	0.96	0.96
	61.00	52.49
Bank balances other than cash and cash equivalents		
Balances with Banks with original maturity of more than three months but less than 12 months	12.51	4.31
Balances with Bank held as margin money against bank guarantee & other commitments	18.19	12.62
Earmarked balances with banks*	0.06	0.04
	30.76	16.97
Total cash and bank balances	91.76	69.46

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

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Note 9A: Deferred tax Assets

The balance comprises temporary differences attributable to:

	March 31, 2019	March 31, 2018
Allowance for doubtful debts - trade receivables	1.82	1.76
Unused Credit	0.46	0.44
Property, plant and equipments	0.43	(0.17)
Tax Losses	19.98	1.57
Other	6.42	3.54
	29.11	7.14

Reconciliation of deferred tax assets:

	March 31, 2019	March 31, 2018
Opening balance	7.14	5.57
Tax income/(expense) during the period recognised in profit or loss	21.99	1.50
Tax income/(expense) during the period recognised in other comprehensive income	(0.02)	0.07
Closing balance	29.11	7.14

Note 10: Inventories

	March 31, 2019	March 31, 2018
Raw materials and packing materials (Includes stock in transit of ₹ 14.84 (March 31, 2018 : ₹ 8.65))	168.73	144.40
Work-in-progress	21.09	27.72
Finished goods (Includes stock in transit of ₹ 11.29 (March 31, 2018 : Nil))	41.56	27.31
Stock-in-trade (Includes stock in transit of ₹ 1.61 (March 31, 2018 ₹ 17.23))	34.65	17.23
Stores and spares (Includes stock in transit of ₹ 0.04 (March 31, 2018 : Nil))	15.69	14.15
Project inventory held for sale	1.02	1.61
	282.74	232.42

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Note 11: Other assets

	March 31, 2019		March 31, 2018	
	Current	Non-Current	Current	Non-Current
Capital advances	-	25.92	-	19.28
Prepayments	4.98	-	4.60	-
Prepaid of leasehold property	0.04	0.87	-	0.95
Advances to suppliers for goods & services	21.36	-	17.02	-
Advances to staff	0.36	-	1.09	-
Balances with revenue authorities	35.25	0.43	43.12	-
Other receivables	4.18	-	6.83	-
	66.17	27.22	72.66	20.23

(All amounts in ₹ Crores, unless otherwise stated)

Note 12: Equity share capital

	Number of Shares		Amount	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Authorised equity share capital (face value ₹ 2 each)	13,50,00,000	13,50,00,000	27.00	27.00
	13,50,00,000	**13,50,00,000**	**27.00**	**27.00**
Issued, Subscribed and fully paid equity share capital (face value ₹ 2 each)	9,04,90,055	9,04,90,055	18.10	18.10
	9,04,90,055	**9,04,90,055**	**18.10**	**18.10**

(a) Movements in equity share capital

	Number of Shares	Amount
As at March 31, 2017	9,04,90,055	18.10
As at March 31, 2018	9,04,90,055	18.10
As at March 31, 2019	**9,04,90,055**	**18.10**

(b) Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs.2 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Equity shares held by ultimate holding/ holding company and/ or their subsidiaries/ associates

Being ultimate holding company, there are no shares held by any other holding, ultimate holding company and their subsidiaries/ associates.

(d) Details of equity shares held by shareholders holding more than 5% of the aggregate shares in the Company

Name of the shareholder	% holding		No of shares	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Shri Manish Nuwal	27.88%	4.93%	2,52,32,069	44,64,301
Shri Kailashchandra Nuwal	23.08%	19.60%	2,08,82,963	1,77,39,095
Shri Satyanarayan Nuwal	14.63%	22.48%	1,32,39,254	2,03,43,695
Smt. Indira Devi Nuwal	6.15%	6.15%	55,68,230	55,68,230
Smt. Leela Devi Nuwal	Nil	5.61%	Nil	50,75,940
Smt. Sohan Devi Nuwal	Nil	5.14%	Nil	46,49,690

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.

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Note 12A. Other equity

Securities premium

As at April 1, 2017	149.13
Movement for the year 2017-18	-
As at March 31, 2018	149.13
Movement for the year 2018-19	-
As at March 31, 2019	**149.13**

Retained earnings

As at April 1, 2017	**369.78**
Add : Profit for the year	220.55
Less : On account of merger	(0.96)
Less : Due to Turkey Acquisition	(39.25)
Less : Remeasurement loss on defined benefit plans	(1.16)
Less : Transfer to general reserve	(45.66)
Less : Final Dividend	(27.15)
Less : Tax on Final Dividend	(5.53)
As at March 31, 2018	**470.62**
Add : Profit for the year	261.61
Less : Transfer to General Reserve	(91.80)
Less : Remeasurement loss on defined benefit plans	(0.12)
Less : Transaction with Non-controlling interest- Loss on acquisition of additional stake in Solar Mining Services Pty Limited- South Africa	(0.87)
Less : Final Dividend	(54.29)
Less : Tax on Final Dividend	(11.16)
As at March 31, 2019	**573.99**

Capital reserve

As at April 1, 2017	**16.39**
Add : On account of merger	0.15
As at March 31, 2018	**16.54**
Movement for the year 2018-19	-
As at March 31, 2019	**16.54**

General reserve

As at April 1, 2017	**434.44**
Add : Transfer from retained earnings	45.66
As at March 31, 2018	**480.10**
Add : Transfer from retained earnings	91.80
As at March 31, 2019	**571.90**

Cash flow hedge reserve

As at April 1, 2017	-
Add : Net movement in Cash Flow Hedges	0.25
As at March 31, 2018	**0.25**
Add : Net movement in Cash Flow Hedges	(0.42)
As at March 31, 2019	**(0.17)**

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Other Equity (Continued...)

Foreign currency translation reserve

As at April 1, 2017	(59.25)
Add : Exchange differences on translation of foreign operations	8.37
As at March 31, 2018	**(50.88)**
Less : Exchange differences on translation of foreign operations	(40.28)
As at March 31, 2019	**(91.16)**

Total other equity

As At April 1, 2017	**910.49**
Movement for the year	155.27
As At March 31, 2018	**1,065.76**
Movement for the year	154.47
As At March 31, 2019	**1,220.23**

Nature and purpose of reserves

1 Securities premium

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

2 Capital reserve

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

3 General reserve

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

4 Cash flow hedge reserve

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

5 Foreign currency translation reserve

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

6 Retained Earnings

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

12B. Distribution made and proposed

	March 31, 2019	March 31, 2018
Cash dividends on equity shares declared:		
Final cash dividend for the year ended on March 31,2018: ₹ 6 per share (March 31, 2017: ₹ 3 per share)	54.29	27.15
DDT on final dividend	11.16	5.53
	65.45	**32.68**
Proposed dividends on Equity shares *		
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 proposed dividend	13.02	11.16
	76.36	65.45

* Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability (including DDT thereon).

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Financial liabilities

Note 13. Non-current borrowings

	March 31, 2019	March 31, 2018
Secured Borrowings carried at amortised cost		
Term loans from banks		
Foreign currency loan from Banks	153.79	190.10
Interest accrued but not due	0.39	-
Term loan	100.64	65.35
Sales tax deferral loan	0.47	0.56
Deferred Purchase Consideration	35.92	32.83
	291.21	288.84
Less: Amount shown under "Other current financial liabilities" (refer note 16A)		
Current maturities of long-term debt	(134.87)	(92.20)
Interest accrued but not due on non-current borrowings	(0.73)	(0.54)
	155.61	196.10

Note 14: Current borrowings

	March 31, 2019	March 31, 2018
Secured at amortised cost		
From banks		
Foreign currency working capital loan	26.07	15.04
Working capital loan	253.64	205.10
Buyers credit	31.04	6.27
Others	3.52	1.40
Interest accrued but not due	0.12	-
Deferred Purchase Consideration	-	4.70
From related party (Refer note 31C)		
Associates	-	0.63
Key managerial personnel	-	0.79
	314.39	233.93
Less: Amount shown under "Other current financial liabilities" (refer note 16A)		
Interest accrued but not due on current borrowings	(1.47)	(4.65)
	312.92	229.28

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Maturity profile of Non current Borrowing

	Maturity date	Terms of repayment	March 31, 2019	March 31, 2018
Secured				
Foreign currency term loan from Bank	July 9, 2018	Single repayment at the end of the term	-	16.19
Foreign currency term loan from Bank	September 28, 2018	Repayable in Four equal half yearly installment	-	6.22
Foreign currency term loan from Bank	March 31, 2020	Repayable in eight equal quarterly installment starting after moratorium period of 12 months	23.78	44.33
Rupee Term Loan from Bank	March 31, 2020	Repayable in eight equal quarterly installment starting after moratorium period of 12 months	-	6.27
Foreign currency term loan from Bank	August 31,2018	Repayable in eight equal half yearly installment	-	8.15
Foreign currency term loan from Bank	September 19, 2019	Single repayment at the end of the term	53.13	50.07
Foreign currency term loan from Bank	August 31,2021	Repayable in eight equal quarterly installment starting after moratorium period of 12 months	49.18	-
Foreign currency term loan from Bank	September 27, 2019	Repayable in eight equal half yearly installment	8.64	24.44
Foreign currency term loan from Bank	January 30, 2020	Repayable in eight equal quarterly installment	19.05	40.59
Rupee Term Loan from Bank	August 01, 2021	Repayable in eight equal quarterly installment	50.00	-
Rupee Term Loan from Bank	January 30, 2020	Repayable in eight equal quarterly installment	0.13	0.11
Term Loan	June 26, 2022	12 Quarterly Payments commencing from the start of 9th quarter from the first disbursement	50.52	58.49
Vehicle Loan	March 20, 2019	Repayable in equal monthly installment. Term Period - 30 months	-	0.10
Vehicle Loan	August 15, 2019	Repayable in equal monthly installment. Term Period - 24 months	-	0.49
Deferred purchase consideration	July 5, 2022	10 Quarterly Payments commencing from April 2018	35.92	32.83
Unsecured				
Sales tax deferral loan	April 30, 2024	Repayable as per Sales Tax Deferral Scheme.	0.47	0.56
			290.82	288.84
Interest accrued but not due			0.39	-
			291.21	288.84

The above foreign currency term loan from Banks carries an interest rate of LIBOR + 130 bps to 212 bps
The Indian rupee long term loan from Bank carries an interest rate of 9% to 2.75% + 1year MCLR
Loans taken by overseas subsidiaries are taken at interest rate of 5.93% to 10.85%

GUPTA & ASSOCIATES NAGPUR CHARTERED ACCOUNTANTS

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Maturity profile of Current Borrowing

	Maturity date	Terms of repayment	March 31, 2019	March 31, 2018
Secured				
Foreign currency working capital loan from Bank	October 24, 2018	Single repayment at the end of the term	-	14.99
Foreign currency working capital loan from Bank	October 23, 2019	Single repayment at the end of the term	14.18	-
Buyer's credit	May 23, 2018	Single repayment at the end of the term	-	6.27
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	-
Indian rupee working capital loan from Bank	On Demand	Repayable on demand	-	5.39
Local Currency Loan From Bank	April 10, 2018	Single repayment at the end of the term	-	26.15
Local Currency Loan From Bank	May 28,2018 and September 03, 2018	Single repayment at the end of the term	-	1.63
Local Currency Loan From Bank	July 19, 2018	Single repayment at the end of the term	-	29.71
Local Currency Loan From Bank	March 22, 2019	Repayable in equal monthly installment. Term Period - 18 months	-	0.17
Local Currency Loan From Bank	April 16, 2018	Repayable in equal monthly installment. Term Period - 6 months	-	0.29
Local Currency Loan From Bank	June 01, 2018	Repayable in equal monthly installment. Term Period - 6 months	-	1.05
Local Currency Loan From Bank	April 09, 2018	Single repayment at the end of the term	-	0.01
Local Currency Loan From Bank	April 25, 2018	Single repayment at the end of the term	-	0.01
Local Currency Loan From Bank	June 14, 2018	Repayable in equal monthly installment. Term Period - 9 months	-	2.41
Local Currency Loan From Bank	August 17, 2018	Repayable in equal monthly installment. Term Period - 9 months	-	0.80
USD Loan from Bank (For SOML it is Local Currency)	May 14, 2018	Single repayment at the end of the term	-	6.52
USD Loan from Bank (For SOML it is Local Currency)	January 31, 2019	Single repayment at the end of the term	-	102.70
USD Loan from Bank (For SOML it is Local Currency)	September 07, 2018	Single repayment at the end of the term	-	26.06
USD Loan from Bank	August 25, 2018	Single repayment at the end of the term	-	2.25
USD Loan from Bank	January 17, 2020	Single repayment at the end of the term	174.22	-
USD Loan from Bank	August 31, 2019	Single repayment at the end of the term	5.04	-
Local Currency Loan From Bank	July 07, 2019	Single repayment at the end of the term	1.93	-
USD Loan from Bank	August 16, 2019	Single repayment at the end of the term	3.04	-
USD Loan from Bank	May 23, 2019	Single repayment at the end of the term	3.82	-
Local Currency Loan From Bank*	April 14, 2019	Single repayment at the end of the term	0.00	-
Local Currency Loan From Bank	April 12, 2019	Single repayment at the end of the term	0.01	-
Local Currency Loan From Bank	April 12, 2019	Single repayment at the end of the term	0.02	-
Vehicle loan	October 11, 2019	Monthly instalments	0.06	-
Vehicle loan	August 15, 2019	Monthly instalments	0.12	-
Local Currency Loan From Bank	April 25, 2019	Monthly instalments	0.01	-
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 05, 2019	Single repayment at the end of the term	6.45	-
Local Currency Loan From Bank	April 04, 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	-
Deferred purchase consideration	July 5, 2022	10 Quarterly Payments commencing from April 2018	-	4.70

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

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Maturity profile of Current Borrowing

	Maturity date	Terms of repayment	March 31, 2019	March 31, 2018
Unsecured				
Loan from associates	On demand	On demand	-	0.63
Loan from associates	On demand	On demand	-	1.40
Loan from KMP	On demand	On demand	-	0.79
Loan from others	On demand	Mutual consent	3.52	-
			314.27	233.93
Interest accrued but not due			0.12	-
			314.39	233.93

The above foreign currency loans and Buyer's credit from Banks carries an interest rate of LIBOR + 28 bps to LIBOR + 130bps

The Indian rupee working capital loan from Bank and loan from related party carries rate of 1 year MCLR to 0.35%+ 1year MCLR .

Loans taken by overseas subsidiaries are taken at interest rate of LIBOR+ 200 to LIBOR+ 700 and certain loans are from 9.75% to 29.40%

Security

The above non current loans from banks are secured by first pari passu charge on the tangible movable and immovable property, plant and equipement 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 equipement 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.

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(All amounts in ₹ Crores, unless otherwise stated)

Note 15 : Trade payables

	March 31, 2019	March 31, 2018
Trade payables	163.30	143.33
	163.30	143.33

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 34

Note 16A : Other current financial liabilities

	March 31, 2019	March 31, 2018
Derivative instruments at fair value through profit or loss		
Fair valuation of derivative contracts	6.36	0.48
	6.36	0.48
Other financial liabilities at amortised cost		
Current maturities of long-term debt (refer note 13)	134.87	92.20
Interest accrued on non-current borrowings (refer note 13)	0.73	0.54
Interest accrued on current borrowings (refer note 14)	1.47	4.65
	137.07	97.39
Others		
Capital creditors	6.67	2.05
Employees related payable (including labour related)	18.65	14.67
Liabilities towards trade discounts	16.55	13.07
Unclaimed dividend	0.06	0.04
Other payable	-	0.66
	41.93	30.49
	185.36	128.36

Note 16B : Other non-current financial liabilities

	March 31, 2019	March 31, 2018
Capital Creditors	0.53	-
	0.53	-

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Note 17A : Other current liabilities

	March 31, 2019	March 31, 2018
Statutory dues payables	27.29	22.88
Other current liabilities	0.16	2.58
Contract Liabilities	18.57	20.75
Other advances	0.47	0.51
	46.49	**46.72**

Note 17B : Other Non current liabilities

	March 31, 2019	March 31, 2018
Other advances	-	0.54
	-	**0.54**

Note 18 : Provisions

	March 31, 2019		March 31, 2018	
	Current	Non-current	Current	Non-current
Provision for employee benefits				
Provision for gratuity	3.64	0.15	0.73	0.18
Provision for leave encashment	5.15	-	3.59	-
	8.79	0.15	4.32	0.18

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Note 19 : Tax Expenses

The major components of tax expense for the years ended March 31, 2019 and March 31, 2018 are :

Consolidated Statement of profit and loss:

Profit and loss section

	March 31, 2019	March 31, 2018
Current income tax:		
Current income tax charge	130.45	89.44
Adjustment of tax relating to earlier periods	(5.48)	(1.54)
Deferred tax:	-	-
Relating to origination and reversal of temporary differences	0.08	18.15
Tax expense reported in the statement of profit and loss	**125.05**	**106.05**

OCI section

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

	March 31, 2019	March 31, 2018
Net gain/(loss) on cash flow hedges	(4.76)	0.13
Net (loss)/gain on remeasurements of defined benefit plans	(0.05)	(0.61)
Income tax charged to OCI	**(4.81)**	**(0.48)**

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2019 and March 31, 2018 :

	March 31, 2019	March 31, 2018
Accounting profit before tax	401.85	339.64
Computed expected tax expense @ standard tax rate in India	137.13	117.55
Effect of:		
Corporate social responsibility expenditure	1.42	1.21
Dividend Distribution Tax recognised in Profit or loss	1.93	(0.10)
Research and development expense	(3.64)	(1.20)
Items which are deductible for tax purpose	2.40	(5.09)
Income taxed at lower rates	(1.16)	-
Income tax for earlier years	(5.39)	(1.55)
Tax loss on which deferred tax not recognised	3.26	3.30
Previously unrecognized deferred tax assets now recognized to reduce deferred tax expense	(1.80)	(8.80)
Differences in overseas tax rates	(11.45)	-
Others	2.35	0.73
Total income tax expense	**125.05**	**106.05**

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Deferred tax

Deferred tax relates to the following :

Balance sheet

	March 31, 2019	March 31, 2018
Property, plant and equipement : Impact of difference between tax depreciation and depreciation/amortisation charged for the financial reporting	146.16	128.14
Currency translation losses	1.39	-
Financial assets at fair value through profit or loss	(0.18)	0.09
Derivative instruments at fair value through profit or loss	(1.91)	1.43
On account of merger	-	0.04
	145.46	**129.70**
Unclaimed credit	(19.49)	(19.41)
Provision for investments in associates	(0.34)	(0.34)
Provision towards trade receivables	(3.72)	(7.43)
Set off of deferred tax liabilities	(0.39)	-
Employee Benefits	(2.05)	(1.45)
	(25.99)	**(28.63)**
Net deferred tax (assets)/liabilities	**119.47**	**101.07**

Reconciliation of deferred tax liability:

	March 31, 2019	March 31, 2018
Opening balance	**101.07**	**84.01**
Tax (income)/expense during the period recognised in profit or loss	18.74	17.54
Tax (income)/expense during the period recognised in other comprehensive income	(0.27)	(0.48)
On account of Unclaimed credit	(0.07)	-
Closing balance	**119.47**	**101.07**

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 31 March 2019 and 31 March 2018, 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.

Solar Industries India Limited
Notes to Consolidated financial statement for the year ended March 31, 2019
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Note 20 : Revenue from operations

	March 31, 2019	March 31, 2018
Sale of products (Refer note 37)	2,387.94	1,894.25
Other operating revenue	73.63	57.22
	2,461.57	1,951.47

Revenue from operations for period upto June 30, 2017 includes excise duty amounting to ₹ 35.35. From July 1, 2017 onwards the excise duty and most indirect taxes in India have been replaced with the Goods and Service Tax (GST). The Group collects GST on behalf of the Government. Hence, GST is not included in revenue from operations. In view of the aforesaid changes in indirect taxes, revenue from operations for the year ended March 31, 2019 is not comparable to the year ended March 31, 2018.

Note 21 : Other income

	March 31, 2019	Mar 31, 2018
Interest income		
On financial assets carried at amortised cost		
from others	1.95	1.96
On deposits with bank	2.04	1.31
Income tax refund	-	1.07
Profit on sale of investments carried at fair value through profit or loss	1.91	2.20
Net gain on financial assets mandatorily measured at fair value through profit and loss	0.01	0.47
Dividend income from equity investments designated at fair value through Profit and loss	0.16	0.30
Net gain on disposal of property, plant and equipment	0.22	0.14
Net gain on sale of financial assets carried at fair value through profit and loss	0.31	0.01
Net gain on foreign currency transaction and translation	0.46	3.24
Fair value gain on derivatives(net)	1.31	0.78
Miscellaneous income	6.35	0.62
	14.72	12.10

Note 22A : Cost of materials consumed

	March 31, 2019	Mar 31, 2018
Raw materials and packing material at the beginning of the year	108.99	113.50
Add: Purchases during the year	1,313.18	1,085.69
Less: Raw material and packing material at the end of the year	(168.71)	(138.60)
	1,253.46	1,060.59

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

	March 31, 2019	March 31, 2018
Opening balance		
Work-in progress	27.72	12.64
Finished goods	27.64	22.21
Stock in trade	52.08	0.51
	107.44	**35.36**
Closing balance		
Work-in progress	21.09	27.62
Finished goods	41.56	35.82
Stock in trade	34.65	9.32
	97.30	**72.76**
	10.14	**(37.40)**

Note 23 : Employee benefit expense

	March 31, 2019	March 31, 2018
Salaries and wages (including bonus)	109.42	82.64
Remuneration to directors	10.14	8.88
Contribution to provident and other funds	7.68	6.16
Staff welfare expenses	4.05	2.40
Total - A	**131.29**	**100.08**
Labour charges (including bonus)	52.91	42.28
Total - B	**52.91**	**42.28**
Total expense (A+B)	**184.20**	**142.36**

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Note 24 : Other expenses

	March 31, 2019	March 31, 2018
Consumption of stores and spares	15.93	11.64
Repairs and maintenance :		
Plant and machinery	9.49	10.49
Buildings	2.92	3.91
Others	8.69	6.22
Water and electricity charges	28.90	20.76
Rates and taxes	3.64	4.99
Legal and professional fees	14.43	24.30
Travel and conveyance	18.07	12.60
Export expenses	21.35	18.57
Sales commission expenses	14.12	18.90
Freight and forwarding charges	80.22	26.12
Transportation charges	23.35	58.26
Pump truck expenses	10.30	8.82
Security service charges	10.87	9.19
Sales promotion expenses	4.06	5.55
Donations	2.58	2.39
Advertisement expenses	16.99	1.11
Advance/ Investment written off	0.27	2.17
Allowance for doubtful debts - trade receivables	1.32	-
Directors' sitting fees	0.37	0.11
Exchange differences (net)	12.10	(10.73)
Bad debts written-off	7.34	15.77
Net loss on financial assets mandatorily measured at fair value through profit or loss	0.41	-
Fair value loss on derivatives (net)	9.78	-
Loan to others written off	-	0.50
Impairment loss on financial asset	3.64	0.16
Corporate social responsibility expenditure	5.17	4.44
Consultancy charges	1.89	0.82
Net loss on disposal of property, plant and equipment	0.97	-
Miscellaneous expenses (mainly includes printing , communication , postage , office expenses etc.)	45.32	41.57
	374.49	298.63

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Notes 25 : Finance costs

	March 31, 2019	March 31, 2018
Interest on borrowings*		
To banks	40.90	30.85
To related party	-	0.77
To others	7.66	1.10
Exchange differences regarded as an adjustment to borrowing cost*	1.31	-
	49.87	32.72

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

Note 26 : Depreciation and amortization expense

	March 31, 2019	March 31, 2018
Depreciation of property, plant & equipments (note 3A)	55.64	50.79
Amortization of intangible assets (note 3C)	4.16	1.87
Less : Transfer to intangible asset under development	(0.91)	(1.37)
	58.89	51.29

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(All amounts in ₹ Crores, unless otherwise stated)

Note 27 : Earnings per share (EPS)

	March 31, 2019	March 31, 2018
Basic and diluted EPS		
Profit attributable to the equity holders of the company for basic and diluted EPS:	261.61	220.55
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 (₹)	**28.91**	**24.37**
Nominal value of shares (₹)	**2.00**	**2.00**

(All amounts in ₹ Crores, unless otherwise stated)

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 viz. 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 an insurance company in the form of qualifying insurance policy.

The fund has the form of a trust and it is governed by the Board of Trustees, which consists of an equal number of employer and employee representatives. The Board of Trustees is responsible for the administration of the plan assets and for the definition of the investment strategy. Under the gratuity plan, Holding company makes contribution to Solar Industries India Limited employee group gratuity assurance scheme. Further one of the subsidiary in the group makes contribution to Economic Explosives Limited employee group gratuity assurance scheme.

The following tables summarized the components of net benefit expense recognized in the statement of profit and loss, other comprehensive income, and the funded status and amount recognized in the balance sheet.

The amounts recognized in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

Expense recognized in statement of Profit and Loss

	March 31, 2019	March 31, 2018
Service cost	1.35	1.47
Net interest cost	0.07	-
	1.42	1.47

Other Comprehensive Income

	March 31, 2019	March 31, 2018
Opening balance recognized in OCI	-	-
Actuarial gain / (loss) on liabilities	(0.07)	(1.81)
Actuarial gain / (loss) on assets	(0.10)	0.04
Closing balance recognized in OCI	(0.17)	(1.77)

The amount recognized in Balance Sheet

	March 31, 2019	March 31, 2018
Present value of funded obligations	15.72	11.57
Fair value of plan assets	11.93	10.66
Net defined benefit liability / (assets) recognized in balance sheet	3.79	0.91

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Change in Present Value of Obligations

	March 31, 2019	March 31, 2018
Opening of defined benefit obligations	11.57	8.01
Service cost	3.51	1.31
Interest Cost	0.89	0.55
Benefit Paid	(0.21)	(0.11)
Actuarial (Gain)/Loss on total liabilities	(0.04)	1.81
Closing of defined benefit obligation	15.72	11.57

Change in Fair Value of Plan Assets

	March 31, 2019	March 31, 2018
Opening fair value of plan assets	10.66	8.09
Actual Return on Plan Assets	0.72	0.59
Employer Contribution	0.76	2.09
Benefit Paid	(0.21)	(0.11)
Closing fair value of plan assets	11.93	10.66

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

	March 31, 2019	March 31, 2018
Investments with insurer (LIC)	100%	100%

The significant actuarial assumptions were as follows :

	March 31, 2019	March 31, 2018
Discount Rate	7.05% to 7.63% p.a.	7.69% to 7.75% p.a.
Rate of increase in Compensation levels	5%	5.00% to 11.44% p.a.
Rate of Return on Plan Assets	7.69% to 7.75% p.a.	6.8% 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.

Acturial asumptions

The expected contribution for definded benefit plan for the next finanacial year will be in line with financial year 2018-19

Sensitivity Analysis

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

	March 31, 2019	Impact (Absolute)	Impact (%)
Base Liability	15.72		
Increase Discount Rate by 0.50%	15.33	(0.39)	-2.46%
Decrease Discount Rate by 0.50%	16.13	0.41	2.60%
Increase Salary Inflation by 1%	16.53	0.81	5.13%
Decrease Salary Inflation by 1%	14.98	(0.74)	-4.69%
Increase in Withdrawal Assumption by 5%	16.26	0.54	3.42%
Decrease in Withdrawal Assumption by 5%	14.75	(0.97)	-6.18%

Notes :

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

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Note 29 : Commitments and contingencies

Capital Commitments

	March 31, 2019	March 31, 2018
Estimated amount of contracts remaining to be executed on capital account (net of advances)	21.07	60.31

Contingent liabilities

	March 31, 2019	March 31, 2018
Guarantees excluding financial guarantees		
Corporate guarantees given by the Group on behalf of its wholly owned overseas subsidiary in respect of loans taken	299.07	277.95
Guarantees given by Group's Bankers on behalf of the Group, against sanctioned letter of credit (SBLC's)	-	33.95
Claims against the Group not acknowledged as debts (Note a)		
Excise related matters	6.21	6.80
Sales tax / VAT related matters	4.66	17.12
Income tax related matters	2.32	3.20

Note a: The Group 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 b : There are numerous interpretative issues relating to the Supreme Court (SC) judgement on PF dated 28th February, 2019. The Group does not expect to have a significant impact of the above ruling. The Group will evaluate and update its provision, on receiving further clarity on the subject.

Lease Commitments

The group has taken certain assets on lease for a term generally ranging from a period of 1 year to 5 years.
Future minimum lease rental payables under non-cancellable operating leases are as follows:

	March 31, 2019	March 31, 2018
Lease payments recognised during the year	7.76	6.86
Within one year	0.39	0.30
Later than one year but not later than five years	0.42	0.59
More than five years	1.21	7.01

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Note 30: Information on related party transactions as required by IND AS 24-Related Party Disclosures.

Name		Country	% Equity interest	
			March 31, 2019	March 31, 2018
A	Indian subsidiaries			
1	Economic Explosives Limited	India	100.00%	100.00%
2	Blastec (India) Private Limited	India	100.00%	100.00%
3	Emul Tek Private Limited	India	100.00%	100.00%
4	Solar Defence Limited (Note i)	India	100.00%	100.00%
5	Solar Defence Systems Limited (Note - i)	India	100.00%	100.00%
B	Overseas subsidiary			
1	Solar Overseas Mauritius Limited	Mauritius	100.00%	100.00%
C	Overseas step down subsidiaries			
1	Solar Mining Services Pty Limited, South Africa	South Africa	86.74%	74.00%
2	Nigachem Nigeria Limited	Nigeria	55.00%	55.00%
3	Solar Overseas Netherlands B.V.	Netherlands	100.00%	100.00%
4	Solar Explochem Zambia Limited	Zambia	65.00%	65.00%
5	Solar Patlayici Maddeler Sanayi Ve Ticaret Anonim Sirketi	Turkey	100.00%	100.00%
6	P.T. Solar Mining Services (Note - i)	Indonesia	100.00%	100.00%
7	Solar Explochem (Ghana) Limited (Note - ii)	Ghana	0.00%	80.00%
8	PATSAN Patlayici Maddeler Sanayi Ve Ticaret Anonim Sirketi (Note - ii)	Turkey	53.00%	53.00%
9	Solar Nitro Ghana Limited (Note - i)	Ghana	90.00%	90.00%
10	Solar Madencilik Hizmetleri A.S	Turkey	100.00%	100.00%
11	Solar Overseas Netherlands Cooperative U.A	Netherlands	99.99%	99.99%
12	Solar Overseas Singapore Pte Ltd	Singapore	100.00%	100.00%
13	Solar Industries Africa Limited	Mauritius	100.00%	100.00%
14	Solar Nitro Zimbabwe (Private) Limited (Note - i & iv)	Zimbabwe	100.00%	0.00%
15	Solar Nitro chemicals Limited (Note - i)	Tanzania	65.00%	65.00%
16	Solar Mining Services Pty Ltd, Australia*	Australia	76.00%	76.00%
17	Solar Industrias Mozambique LDA (Note - iii).	Mozambique	0.00%	100.00%

Note i: The entity has not commenced its business operations
Note ii: The entity is under liquidation.
Note iii: The entity liquidated on October 18,2018
Note - iv: The entity is incorporated on October 10, 2018
* Formerly known as Australian Explosives Technologies Group Pty Limited

Note 31: Related Party Disclosures

A Names of related parties and related party relationship :

I Associates

SMS Bhatgaon Mines Extension Private Limited
Solar Bhatgoan Extension Mines Private Limited

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)
Shri Manish Nuwal (Managing Director and CEO)
Shri Roomie Dara Vakil (Executive Director) (Resigned w.e.f. May 11, 2018)
Shri Suresh Menon (Executive Director) (Appointed w.e.f. May 11, 2018)
Shri Anil Kumar Jain (Executive Director)
Shri Nilesh Panpaliya (Chief Financial Officer)
Smt Khushboo Pasari (Company Secretary and Compliance Officer)

III A Relatives of Key Management Personnel (KMP)

Smt Leeladevi Nuwal
Smt Indiradevi Nuwal
Smt Sohandevi Nuwal
Smt Seemadevi Nuwal

IV Non executive directors*

Shri Anant Sagar Awasthi
Shri Dilip Patel
Shri Ajai Nigam
Shri Amrendra Verma
Smt Madhu Vij

* Non Executive Independent directors were only paid sitting fees for attending Board & Board Committee meetings for the year 2018-19
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
Commercial Sales Corporation
Solar Initiating Systems Limited (SISL) - (Note 1)
Solar Enlightment Foundation

VI 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 have been merged with Economic Explosives Limited with effect from April 01, 2017 pursuant to order dated:- March 16, 2018.

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Solar Industries India Limited
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B. Transactions with related parties during the year

Nature of Transaction	March 31, 2019	March 31, 2018
Purchase of raw material and components		
Solar Synthetics Private Limited	0.08	0.09
Total	**0.08**	**0.09**
Other Expenditure		
Solar Synthetics Private Limited	0.19	0.20
Total	**0.19**	**0.20**
Rent paid		
Solar Synthetics Private Limited	0.06	0.06
Smt. Indiradevi Nuwal	0.02	0.02
Total	**0.08**	**0.08**
Purchase of shares of SISL *		
Shri Satyanarayan Nuwal	-	0.00
Shri Kailashchandra Nuwal	-	0.00
Shri. Manish Nuwal	-	0.00
Shri. Rahul Nuwal	-	0.00
Smt. Leeladevi Nuwal	-	0.00
Smt. Indiradevi Nuwal	-	0.00
Smt. Sohandevi Nuwal	-	0.00
Total	-	**0.00**
Loans given during the year		
ASTRA Resources Pty Limited	7.19	-
Total	**7.19**	-
Loans repaid during the year		
Commercial Sales Corporation	(0.63)	(21.20)
Shri Kailashchandra Nuwal	(0.06)	-
Shri Satyanarayan Nuwal	(0.73)	-
Total	**(1.42)**	**(21.20)**
Other Income		
SMS Bhatgaon Mines Extension Private Limited	0.06	0.11
Solar Bhatgoan Extension Mines Private Limited	0.01	0.01
Total	**0.07**	**0.12**
Balance Written off		
SMS Bhatgaon Mines Extension Private Limited	1.00	-
Solar Bhatgoan Extension Mines Private Limited	0.14	-
Total	**1.14**	-
Donation made		
Solar Enlightenment Foundation	0.62	0.63
Total	**0.62**	**0.63**
Interest Received		
ASTRA Resources Pty Limited	0.23	0.10
Total	**0.23**	**0.10**
Interest Paid		
Commercial Sales Corporation	0.05	0.40
Shri Kailashchandra Nuwal *	0.00	-
Shri Satyanarayan Nuwal	0.05	-
Total	**0.10**	**0.40**

(All amounts in ₹ Crores, unless otherwise stated)

B. Transactions with related parties during the year

Remuneration to KMP #		
Shri Satyanarayan Nuwal	2.70	2.70
Shri Kailashchandra Nuwal	2.70	2.70
Shri Manish Nuwal	2.70	2.70
Shri Roomie Dara Vakil	0.03	0.27
Shri Suresh Menon	0.84	-
Shri Anil Kumar Jain	0.42	0.33
Shri Nilesh Panpaliya	0.32	0.29
Mrs. Khushboo Pasari	0.11	0.09
Total	**9.82**	**9.08**
* Amount is less than ₹ 0.01 in March 31, 2019		

Nature of Transaction	March 31, 2019	March 31, 2018
Sitting fees		
Shri Anant Sagar Awasthi	0.02	0.02
Shri Dilip Patel	0.05	0.03
Shri Ajai Nigam	0.04	0.02
Shri Amrendra Verma	0.03	0.02
Smt Madhu Vij	0.03	0.02
Total	**0.17**	**0.11**

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, 2019, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2018: Rs. 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.

Solar Industries India Limited
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C. Balance outstanding at the year end were as follows:

	March 31, 2019	March 31, 2018
Other receivables		
SMS Bhatgaon Mines Extension Private Limited	-	1.01
Solar Bhatgoan Extension Mines Private Limited	-	0.14
Total	-	1.15
Loans Given		
ASTRA Resources Pty Limited	8.55	9.37
Total	8.55	9.37
Loans Taken		
Commercial Sales Corporation	-	0.63
Shri Kailashchandra Nuwal	-	0.06
Shri Satyanarayan Nuwal	-	0.73
Total	-	1.42
Trade Receivables/ Other Receivables		
Solar Synthetics Private Limited *	-	0.00
Total	-	0.00
Other payables		
Solar Synthetics Private Limited	0.03	-
Shri Satyanarayan Nuwal	0.07	0.20
Shri Manish Nuwal	0.08	0.22
Shri Kailashchandra Nuwal	0.08	0.24
Total	0.26	0.66
Payable for Purchase of Shares of SISL*		
Shri Satyanarayan Nuwal	-	0.00
Shri Kailashchandra Nuwal	-	0.00
Shri. Manish Nuwal	-	0.00
Shri. Rahul Nuwal	-	0.00
Smt. Leeladevi Nuwal	-	0.00
Smt. Indiradevi Nuwal	-	0.00
Total	-	0.00

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

NATHI & ASSOCIATES NAGPUR CHARTERED ACCOUNTANTS

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Notes to consolidated financial statement for the year ended March 31, 2019

(All amounts in ₹ Crores, unless otherwise stated)

Note 32: 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, 2019	March 31, 2018
India	1,412.18	1,143.84
Outside India	975.76	750.41
Total	**2,387.94**	**1,894.25**

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, 2019	March 31, 2018
India	987.31	841.71
Outside India	260.35	209.20
Total	**1,247.66**	**1,050.91**

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, 2019 is ₹ 418.53 (March 31, 2018 is ₹ 331.43)

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(All amounts in ₹ Crores, unless otherwise stated)

Note 33: Fair Value Measurements

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

The Group has established the following fair value hierarchy that categorises the values into 3 levels. The inputs to valuation techniques used to measure fair value of financial instruments are:

Level 1: This hierarchy uses quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on Group specific estimates

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

The following methods and assumptions were used to estimate the fair values:

1. The Group has not disclosed the fair values of financial instruments such as cash and cash equivalents, bank balances other than cash and cash equivalents, trade receivables, other financial assets (except derivatives) , trade payables and other financial liabilities (except derivatives) because their carrying amounts are a reasonable approximation of fair value. Further, for financial assets, the Group has taken into consideration the allowances for expected credit losses and adjusted the carrying values where applicable.

2. The fair values of the quoted investments/units of mutual fund schemes are based on market price/net asset value at the reporting date.

3. The Group holds derivative financial instruments to mitigate the risk of changes in exchange rates on foreign currency exposures and changes in interest rates. The counterparty for these contracts is generally a bank or a financial institution. These derivative financial instruments are valued based on inputs that are directly or indirectly observable in the marketplace. The valuation techniques used to value these derivatives include forward pricing and swap models, using present value calculations. These derivatives are marked to market as on the valuation date. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognised at fair value.

4. The fair values for loans given are calculated based on discounted cash flows discounted using current lending rates and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken to account for expected losses of these receivables. Accordingly, fair value of such instruments are not materially different from their carrying values. They are classified as level 2 fair values in the fair value hierarchy.

5. Fair values of the Group's interest-bearing borrowings are determined by using discounted cash flow method using the current borrowing rates. Fair value of such instruments are not materially different from their carrying values, accordingly non-current borrowings are classified as level 2 fair values in the fair value hierarchy . The own non-performance risk as at March 31, 2019 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, 2019 is as follows:

	Carrying Value	Notes	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets					
Amortised cost					
Loans	14.41	5	-	14.41	-
Other financial assets (except derivatives)	107.20	6	-	-	-
Trade receivables	399.04	7	-	-	-
Cash and cash equivalents	61.00	8	-	-	-
Bank balances other than cash and cash equivalents	30.76	8	-	-	-
Fair value through profit and loss					
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	30.12	4	30.12	-	-
Fair Value through OCI					
Derivative instruments	0.96	6	-	0.96	-
Total Financial assets	**646.01**		**30.17**	**17.84**	**-**

(All amounts in ₹ Crores, unless otherwise stated)

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

	Carrying Value	Notes	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial Liabilities					
Amortised cost					
Borrowings					
Non-current	155.61	13	-	155.61	-
Current	312.92	14	-	312.92	-
Trade payables	163.30	15	-	-	-
Other financial liabilities (except derivatives)	179.53	16	-	-	-
Fair Value through Profit and loss					
Derivative instrument not designated as hedge	6.36	16	-	6.36	-
Total Financial liabilities	**817.72**		-	**474.89**	-

There have been no transfers among Level 1, Level 2 and Level 3 during the 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, 2018 is as follows:

	Carrying Value	Notes	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets					
Amortised cost					
Loans	95.86	5	-	95.86	-
Other financial assets (except derivatives)	75.81	6	-	-	-
Trade receivables	363.58	7	-	-	-
Cash and cash equivalents	52.49	8	-	-	-
Bank balances other than cash and cash equivalents	16.97	8	-	-	-
Investment in government securities (NSC)	-	4	-	-	-
Fair value through profit and loss					
Investment in equity instruments of others (unquoted)	0.11	4	-	0.11	-
Investment in Venture Capital Fund (unquoted)	2.84	4	-	2.84	-
Investment in equity instruments (quoted)	0.15	4	0.15	-	-
Investment in mutual funds (quoted)	13.95	4	13.95	-	-
Fair Value through OCI					
Derivative instruments	4.65	6	-	4.65	-
Total Financial assets	**626.41**		**14.10**	**103.46**	-
Financial Liabilities					
Amortised cost					
Borrowings					
Non-current	196.10	13	-	196.10	-
Current	229.28	14	-	229.28	-
Trade payables	143.33	15	-	-	-
Other financial liabilities (except derivatives)	127.88	16	-	-	-
Fair Value through Profit and Loss					
Derivative instruments not designated as hedge	0.48	16	-	0.48	-
Total Financial liabilities	**697.07**		-	**425.86**	-

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

Note 34: 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.

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, 2019	March 31, 2018
Derivatives designated as hedge			
Interest rate swap *	USD	0.00	-

* Amount is less than USD 0.01 Crore in March 31, 2019
0.5% changes in interest rate will increase/ decrease the borrowing cost by ₹ 3.01.
The Group does not have significant investment in Bank Deposits and hence not significantly exposed to interest rate sensitivity.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities and the Group net investments in foreign subsidiaries.
When a derivative is entered into for the purpose of being a hedge, the Group negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.
The Group hedges its exposure to fluctuations on the translation into INR of its foreign operations by holding net borrowings in foreign currencies and by using foreign currency swaps.

Unhedged foreign currency exposures

a) Derivative outstanding as at the reporting date

The Group has borrowings in foreign currency amounting to ₹ 210.90 (March 31, 2018: ₹ 211.41). 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, 2019	March 31, 2018
Derivatives not designated as hedge			
Forward contract	USD	[illegible]	1.00
Call spread	USD	0.84	2.14

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

	March 31, 2019			March 31, 2018		
	USD	EURO	SEK	USD	EURO	SEK
Trade Receivable	114.44	5.05	-	48.88	6.47	-
Loans and other receivable	9.87	0.13	-	2.61	-	-
Borrowings	10.13	-	-	84.07	-	-
Capital Creditors	-	(3.60)	0.20	-	-	-
Trade Payables	59.46	0.11	-	36.07	-	0.06

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

	March 31, 2019	March 31, 2018
USD	0.55	(0.59)
EURO	0.01	0.06
SEK*	0.00	(0.00)

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

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, 2019	March 31, 2018
Investment in equity shares (quoted)	0.05	0.15
Investment in mutual funds	30.12	13.95

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 ₹ 0.30 (March 31, 2018: ₹ 0.14). 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.

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Group only deals with parties which has good credit rating/ worthiness given by external rating agencies or based on Group's internal assessment.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans or receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised as income in the statement of profit and loss.

Cash and cash equivalents and deposits: Balances and deposits with banks are subject to low credit risks due to good credit ratings assigned to the banks.

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

Investments: The Group limits its exposure to credit risk by generally investing in liquid securities and counterparties that have a good credit ratings. The Group does not expect any credit losses from non-performance by these counter parties, and does not have any significant concentration of exposures to specific industry sectors.

Trade and other receivables:

The Group measures the expected credit loss of trade receivables and loans from individual customers based on historical trend, industry practices and the business environment in which the entity operates. Loss rates are based on actual credit loss experience and past trends.

The ageing analysis of the receivables (gross of provisions) has been considered from the date the invoice falls due:

Period	Upto 60 days	61 to 120 days	More than 120 days	Total
As at March 31, 2019	254.45	90.04	77.12	421.61
As at March 31, 2018	231.71	71.59	91.91	395.21

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

	March 31, 2019	March 31, 2018
Opening balance	31.63	34.45
Provided/(reversal) during the year	6.15	-
Amounts written off	(1.74)	-
Utilisation of provisions	(13.47)	(2.82)
Closing balance	**22.57**	**31.63**

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.

AKSHAY RATHI & ASSOCIATES CHARTERED ACCOUNTANTS NAGPUR

S R B C & CO LLP CHARTERED ACCOUNTANTS MUMBAI

SOLAR INDUSTRIES INDIA LTD.

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Maturity profile of financial liabilities

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
As at March 31, 2019						
Borrowings						
From related party (net of interest accrued but not due)	-	-	-	-	-	-
From Banks (net of interest accrued but not due)	28.11	28.49	381.99	124.91	-	**563.49**
From Others	3.52	-	-	35.92	-	**39.44**
Sales Tax Deferral Loan	-	0.12	-	0.35	-	**0.47**
Trade payables	1.33	103.32	58.65	-	-	**163.30**
Other financial liabilities	0.06	19.54	24.53	0.53	-	**44.66**
Derivative instruments	-	1.25	5.11	-	-	**6.36**
As at March 31, 2018						
Borrowings						
From related party (net of interest accrued but not due)	1.42	-	-	-	-	**1.42**
From Banks (net of interest accrued but not due)	37.93	18.03	263.14	195.09	--	**514.20**
From Others	1.40	-	-	-	-	**1.40**
Sales Tax Deferral Loan	-	-	0.09	0.46	0.01	**0.56**
Trade payables	-	143.09	0.25	-	-	**143.33**
Other financial liabilities	0.04	14.77	20.87	-	-	**35.68**
Derivative instruments			0.48	-	-	**0.48**

Solar Industries India Limited

Notes to consolidated financial statement for the year ended March 31, 2019

(All amounts in ₹ Crores, unless otherwise stated)

Note 35: 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, 2019	March 31, 2018
Net debt	499.34	446.21
Equity	1,238.33	1,083.86
Capital and net debt	1,737.67	1,530.07
Net Gearing ratio	28.74%	29.16%

Calculation of net debt is as follows:

	March 31, 2019	March 31, 2018
Borrowings		
Non-Current	155.14	195.54
Current	312.92	229.28
Current maturities of long-term debt	134.87	92.20
	602.93	517.02
Cash and cash equivalents and Bank balance (excluding earmarked balances with banks and margin money)	73.51	56.80
Current Investments	30.08	14.01
	103.59	70.81
Net Debt	499.34	446.21

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, 2019.

AKHILESH RATHI & ASSOCIATES NAGPUR CHARTERED ACCOUNTANTS

S R B C & CO LLP MUMBAI CHARTERED ACCOUNTANTS

SOLAR INDUSTRIES INDIA LTD.

Solar Industries India Limited
Consolidated statement of Profit and Loss for the year ended March 31, 2019
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Note 36: Additional information, as required under schedule III to the companies act, 2013, of enterprises consolidated as subsidiries/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
(A) Solar Industries India Ltd.	51.85%	885.05	71.03%	191.29
		885.05		191.29
(B) Indian subsidiaries -				
1. Economic Explosives Limited	22.43%	382.91	18.79%	50.59
2. Blastec (India) Private Limited	0.17%	2.83	-0.43%	(1.15)
3. Emul Tek Private Limited*	0.00%	(0.08)	-0.13%	(0.36)
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)
		385.74		49.08
(C) Overseas subsidiaries				
1. Solar Mining Services Pty Limited, South Africa	1.41%	24.05	-12.38%	(33.34)
2. Nigachem Nigeria Limited	2.04%	34.74	3.20%	8.61
3. Solar Overseas Netherlands B.V.	3.49%	59.50	-2.17%	(5.84)
4. Solar Explochem Zambia Limited	3.33%	56.85	8.56%	23.05
5. Solar Patlayici Maddeler Sanayi Ve Ticaret Anonim Sirketi	4.02%	68.66	7.96%	21.43
6. P.T. Solar Mining Services	0.17%	2.98	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*	0.33%	5.67	0.00%	(0.00)
10. Solar Madencilik Hizmetleri A.S	0.18%	3.11	0.92%	2.47
11. Solar Overseas Netherlands Cooperative U.A	4.90%	83.62	1.41%	3.79
12. Solar Overseas Singapore Pte Ltd	0.13%	2.14	-0.06%	(0.17)
13. Solar Industries Africa Limited	-0.01%	(0.23)	-0.25%	(0.68)
14. Solar Nitro Zimbabwe (Private) Limited*	0.00%	0.00	0.00%	-
15. Solar Nitrochemicals Limited	-0.07%	(1.20)	-0.17%	(0.46)
16. Solar Mining Services Pty Ltd, Australia	-0.46%	(7.85)	-1.63%	(4.39)
17. Solar Industrias Mozambique LDA	0.00%	-	0.00%	-
18. Solar Overseas Mauritius Limited (Standalone)	6.10%	104.04	5.37%	14.47
		436.07		28.94
(D) Minority interests in all subsidiaries	1.96%	33.52	4.73%	12.73
		33.52		12.73
(E) Indian Associates (Investment as per the equity method)				
1. Solar Bhatgaon Extension Mines Pvt. Limited	0.06%	1.07	0.05%	0.14
2. SMS Bhatgaon Mines Extension Pvt. Limited	0.05%	0.77	0.38%	1.01
		1.84		1.15
(F) Entities with Joint control or significant influence over the entity				
Astra Resources Pty ltd	0.11%	1.81	-0.02%	(0.06)
		1.81		(0.06)

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

(All amounts in ₹ Crores, unless otherwise stated)

Note 37. Revenue from operations:

a. Principle 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, 2019	March 31, 2018
India	1,412.18	1,143.84
Outside India	975.76	750.41
Total	**2,387.94**	**1,894.25**

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, 2019.

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, 2019	March 31, 2018
Trade Receivables	399.04	363.58
Contract Liabilities	18.57	20.75

d. Set out below is the amount of revenue recognised from

	March 31, 2019	March 31, 2018
Amounts included in contract liabilities at the beginning of the year	16.12	13.12
Performance obligation satisfied in previous years	(9.46)	1.12

Decrease in contract liability is mainly on account of receipt from customers and revenue recognized during the year.

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

	March 31, 2019	March 31, 2018
Revenue as per contracted price	2,425.99	1,905.77
Adjustments for:		
Rebates, Discounts and powder factor	(38.05)	(11.52)
Revenue from contract with customers	**2,387.94**	**1,894.25**

f. 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, 2019, the aggregate amount of the transaction price allocated to order backlog was ₹ 985.86. The Group expects to recognise revenue within the range from 90% to 95% of the order backlog through 2019-20.

RATHI & ASSOCIATES NAGPUR CHARTERED ACCOUNTANTS

S R B C & CO LLP MUMBAI CHARTERED ACCOUNTANTS

SOLAR INDUSTRIES INDIA LTD.

Solar Industries India Limited
Notes to consolidated financial statement for the year ended March 31, 2019
(All amounts in ₹ Crores, unless otherwise stated)

Note 38. Exceptional items

Chhattisgarh Mineral Development Corporation (CMDC), SMS Infrastructure Limited (SMS) and the Holding Company (SOLAR) entered into a joint venture agreement (JVA) dated September 12, 2008 to develop and operate the coal block. As per the tender condition, the Holding Company made a payment of ₹ 45.11 to CMDC for coal mining project. Following companies namely (i) Bhatgaon Mines Private Limited ("BMPL"); and (ii) Bhatgaon Extension Mines Private Limited ("BEMPL") were incorporated for this purpose and transactions made by the Holding Company before forming of the aforesaid companies were incorporated in the books of BEMPL and BMPL and reflected as loan given in Holding Company's books. The Holding Company made further payments of ₹ 12.09 to BEMPL, BMPL, and other JV companies (SPVs) for coal block business purposes.

On July 19, 2013, CMDC terminated the JVA citing failure on part of SOLAR and SMS to perform their obligations. Further, the coal blocks got de-allocated by Ministry of Coal due to unsatisfactory progress. Due to de-allocation of coal blocks and considering the uncertainty, the Board of Directors of the Holding Company approved not to charge interest on loans given to BEMPL and BMPL from FY 2012-13. Due to termination of JVA, SOLAR and SMS initiated arbitration proceedings against CMDC for recovery of their investments. Arbitration was awarded in favour of SOLAR and SMS vide order dated April 9, 2018 and accordingly, CMDC made a payment of ₹ 73.60 including interest of ₹ 19.16 to BMPL.

The said amount received by BMPL was apportioned between SOLAR and SMS in the ratio of their respective investments made. Accordingly, the Holding Company has received an amount of ₹ 51.15 (including interest of ₹ 13.30) as against the total investments of ₹ 57.19 (in form of loans to BEMPL & BMPL disclosed under Note 5 as 'Non current loans' amounting to ₹ 56.05 and other receivables from SPVs disclosed under Note 6 as 'Other financial assets' amounting to ₹ 1.14). Accordingly, the Holding Company has recognised interest income of ₹ 13.30 and written off the balance amount of ₹ 19.35, and disclosed the net amount of ₹ 6.05 under exceptional items in the consolidated statement of profit and loss.

AKSHAY RATHI & ASSOCIATES NAGPUR CHARTERED ACCOUNTANTS

S R B C & CO LLP MUMBAI CHARTERED ACCOUNTANTS

SOLAR INDUSTRIES INDIA LTD.

Solar Industries India Limited
Notes to consolidated financial statement for the year ended March 31, 2019
(All amounts in ₹ Crores, unless otherwise stated)

Note 39: Research & Development Expenditure

1. Capital Expenditure incurred on Research & Development is included in Property, Plant and Equipments and depreciation is provided on the same at the respective applicable rates.

2. Revenue expenditure incurred on Research & Development has been included in the respective account heads in the statement of profit and loss.

	March 31, 2019	March 31, 2018
Revenue Expenditure	14.28	17.07
Capital Expenditure	5.40	2.21
Total	19.68	19.28

Note 40 : The financial statements were approved for issue by the Board of Directors on May 09, 2019

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

Nilesh Panpaliya
Chief Financial Officer

Place: Nagpur
Date: May 09, 2019