



Spreading Wings

19th Annual Report 2013-14

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Forward looking statement

In this annual report, we have disclosed certain forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically release contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried, wherever possible, to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar meaning in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.



Spreading Wings

Despite being the market leader in domestic explosives industry with operations spread across India and also in various overseas locations, we refrain from being complacent. Instead, we endeavor to better our current performance and standing at all times. At Solar Industries, 'Spreading wings' is a natural corollary to attaining leadership. We are staying focused on expanding reach to customers; expanding our product portfolio; increasing our throughput capacity; enhancing our manufacturing processes; and expanding our global market footprints. To become a one-stop-shop for our customers, we continue to enhance our product basket by introducing value added products.

We currently own and operate the world's largest single-location manufacturing capacity for Cartridge explosives besides India's largest manufacturing capacity for Bulk explosives. We are also the largest exporter of explosives from India with overseas manufacturing units in Zambia, Nigeria and Turkey. Awarding utmost importance to safety and logistics, we have strategically setup all our plants in proximity to our customers. Besides enabling safe and quick transit of products, this has also helped us in becoming a preferred supplier for many of our customers. Backed by decades of domain knowledge and experience in explosives technologies, we have successfully spread our wings into Defence sector during the current year. Though a small step towards further expanding our reach, this would open a world of opportunities for us in the coming years.

Our diligent efforts have enabled us to become industry leaders in India and also make a mark on the globe as India's largest exporters of explosives. Spreading wings to increase our presence globally is an ever going process for us and thus, our mission critical.



Business Highlights



Operational Highlights

- Construction of five bulk plants is under progress
- Finished Non-Electronic Detonator Assembly unit at Zambia and successfully introduced Non-Electronic Detonator in the market
- Commenced production of Non-Electronic Detonator and Cartridge Explosives at our Turkey plant
- Completed construction of manufacturing facility for HMX and composite Propellants

Financial Highlights

(₹ Crore)

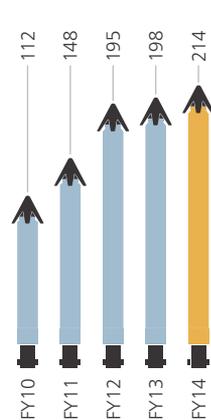
Particulars	FY14	FY13	FY12	FY11	FY10
Gross Sales	1223.78	1215.20	1031.69	724.26	590.19
Net Sales	1,132.96	1,121.81	967.58	680.85	557.41
EBIDTA	214.14	197.50	194.68	147.98	111.99
Net Profit	118.44	116.29	101.20	75.59	58.59
Cash Profit	151.37	143.41	124.19	90.62	66.44
Net Worth	661.57	572.70	404.60	316.04	265.24
Gross Block	656.44	497.38	386.36	270.29	172.17
Growth Ratios (%)					
Net Sales Growth	0.99	15.94	42.11	22.15	14.27
EBIDTA Growth	8.43	1.45	31.56	32.14	16.99
Net Profit Growth	1.85	14.91	33.88	29.02	32.74
Margin Ratios (%)					
EBIDTA Margin	18.90	17.61	20.12	21.73	20.09
Net Profit Margin	10.45	10.37	10.46	11.10	10.51
Other Key Ratios					
Dividend Per Share (₹)	12.00	11.00	10.00	8.00	7.00
Dividend Payout Ratio (%)	20.58	19.97	19.89	21.38	24.21
Earning Per Share* (₹)	65.44	65.47	58.42	43.64	33.82
Book Value Per Share* (₹)	365.55	316.44	233.56	182.44	153.11

* based on shares outstanding as of 31st March, 2014

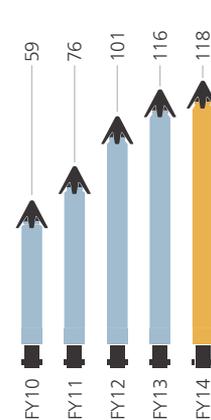
Gross Sales (₹ Crore)



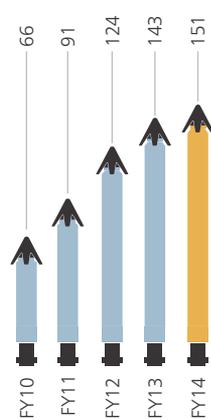
EBIDTA (₹ Crore)



Net Profit (₹ Crore)



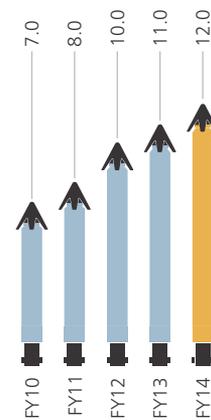
Cash Profit (₹ Crore)



Earnings Per Share (₹)



Dividend Per Share (₹)



Chairman's Letter



“The net sales during the year stood at ₹ 1,133.0 Crore which was marginally higher than ₹ 1,121.8 Crore reported in the previous year.”

Dear Shareholders,

The performance of your Company during the year has been satisfactory given a consecutive second year of difficult business environment.

Economic Overview

The global economy that started to rebound in 2012 has maintained its growth momentum in 2013 as well. However, it failed to sustain the momentum and slipped marginally from 2.5% in 2012 to 2.4% in 2013 (as per World Bank). The growth in developed economies slowed down as well. India also demonstrated similar traits, with the economy growing by 4.7% during the year, as per CSO's provisional estimate. This would be the second consecutive year of sub 5.0% GDP growth in India. Key reasons attributed for a slowdown in our sector are - lingering bottlenecks in the infrastructure sector coupled with regulatory hurdles in mining. This had its repercussions on the demand for industrial explosives as its growth is directly correlated with the growth in the infrastructure, construction and mining industry.

Company Performance

Amid the sluggish economic environment and severe currency movement, your Company managed to report marginally higher revenues. The net sales during the year stood at ₹ 1,133.0 Crore which was marginally higher than ₹ 1,121.8 Crore reported in the previous year. However with better cost management practices your Company was able to enhance its EBITDA margin from 17.6% in 2012-13 to 18.9% in 2013-14. The Net Profit for the year, stood at ₹ 118.4 Crore, marginally higher than ₹ 116.3 Crore reported last year.

Despite operating in a tough business environment, your Company has not only maintained its leadership in the industry but is further spreading wings by making inroads into newer geographies, by developing new products and also by expanding manufacturing capacities.

Mining

During the year there was a fall in mining activities with mining IIP growth down by 0.8%. However the mining sector in India holds great potential for growth; if the government formulates clear regulations and increase transparency in this sector.

Overseas Operations

With regards to your Company's overseas operations, all the three units are strategically located – in resource rich nations holding strong potential for infrastructure & mining

development. Also the operation of these overseas plants is reasonably doing well during the year. Your company has commenced production at its Turkey plant. The assembly unit is completed and extended product line (Cartridges & ANFO) have been introduced in Zambia. The Bulk and Cartridge plant at Nigeria are operating optimally. Your Company's overseas plants, with a bouquet of products, remains well poised to tap opportunities that would arise with the economic recovery.

Defence

Your Company's foray in the Defence space continues to be on track with its ongoing capex in, both, HMX and Propellant manufacturing plants. Your Company has started trial production of HMX and has already submitted samples for testing and approvals. During the year the Company has completed the construction of Propellant manufacturing plant. Your Company is also evaluating the possibilities of taking EPC contracts for defence. These initiative gives your Company immense pride and satisfaction to get an opportunity for making our nation self-sufficient and more secure in its Defence requirements.

Regulatory

During the year, the Government has further tightened the regulations for the industry. As such, transportation of explosives in India is highly regulated and strictly monitored with the intimation of movement of explosives, to the government, being mandatory. More recently, the key raw material Ammonium Nitrate (AN) has been categorized as an explosive and brought under explosives act. Consequently, all regulations imposed on the movement of Explosives now apply to AN as well. This has posed a major challenge to your Company in supply chain management of AN. We stream lined it well but lost some sales in February month. However, these rule would curb the unorganized use of AN significantly, which would lead to higher demand for industrial explosives in the long term.

Competition

Your Company is cognizant of the fact that there is an over capacity for Industrial Explosives in the Country presently and also anticipate couple of players expanding product range in the coming time. This would lead to increase in competition. However to tackle this situation your Company has formulated strategies to meet any additional competition by providing quality services to the customers backed by the world class products, proper placement of products, targeting new market segments.

Customer Policy

The strong value proposition that your Company provide coupled with best-in-class service standards has helped the Company to build a long-term relationship with customers. To

deepen this bond further, your Company keeps engaging with them through educational inputs on optimum utilization of explosives and safe handling of products.

Safety and Quality

Your Company follows the highest standard of safety at all its manufacturing plants. Also your Company is on the Governing Body of SAFEX, an international body that promotes best safety practices in explosives industry. Your Company continuously provides training to its entire workforce and have various check points built in the system to monitor the safety process.

Outlook

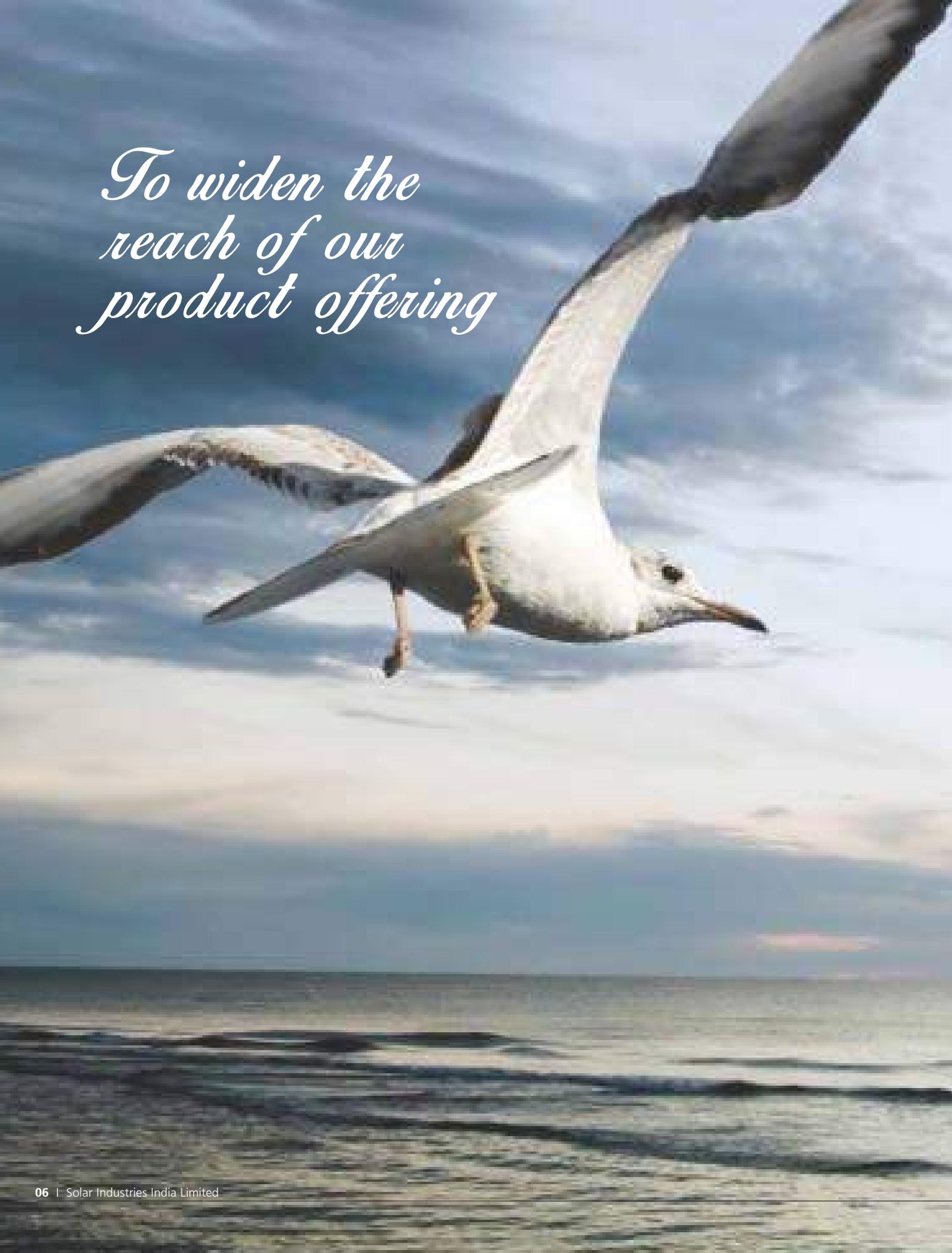
The new Government in India, with a strong majority is highly committed towards giving a major boost to the growth of infrastructure, construction and mining activities. The recent initiatives by the new government such as online green clearance for big projects, increasing validity of industrial licenses and better governance has bought life back in the infrastructure sector. This will lead to higher demand for steel, cement and power; giving a push to the industrial explosives industry. We also expect revival in markets like Zambia in coming years and Africa as a whole. This should augur well for your Company as this would spur a strong demand for industrials and help in sustaining it over the longer term.

Acknowledgement

I take this opportunity to thank all our shareholders, customers and bankers to repose faith in us and being a part of our journey. I would also like to thank our most important asset, our employees, for being a part of the Solar family and motivating us to keep working hard to maintain the growth momentum.

Best wishes

Satyanarayan Nuwal
Chairman

A seagull is captured in mid-flight, its wings spread wide, soaring over a vast, calm ocean. The sky is filled with soft, white clouds, and the horizon line is visible in the distance. The overall mood is serene and expansive.

*To widen the
reach of our
product offering*

Over the last three decades of our journey, we have gradually expanded our product offering from Cartridge to Bulk and from Detonators to Detonating Cord and Cast Boosters. The recent addition to our vast bouquet of products were Multi-layer Shock Tubes, underground Bulk explosives, Electronic Detonators, Explosives for military application, Pyros, Propellants and Ammunitions, developed through intensified efforts of our state-of-the-art R&D centre. Hence, we have significantly widened our bouquet of products and today are a one-stop-shop for industrial explosives.

Over the last five years, India's share in total global arms import has doubled from 7% to 14%. As the first step to attain self-sufficiency, the country has increased its efforts towards domestic sourcing. Leveraging our best-in-class technological and manufacturing platform as well as deep explosives experience, we became the first Company in private sector to manufacture HMX which can be used in warheads. Along with HMX, we have also received licence to manufacture Composite Propellants for Defence. During the year we completed construction of our state-of-the-art plant to manufacture Composite Propellants as well. With these new products, we have further expanded our product offering.

Both HMX & Propellant plants are now ready to cater to Defence requirements with high quality products. Although it is currently very early to say, but we are fairly confident that being the early mover we would soon cover ground in the Defence segment as well. It makes us proud to become a reliable source of high quality and cost-effective explosives to the nation and also spread our wings in this territory, which provides opportunities for the future.

“During the year we completed construction of our state-of-the-art plant to manufacture HMX and Composite Propellants”

Expanded product offering

Over the last three decades of our journey, we have gradually expanded our product offering from Cartridge to Bulk and from Detonators to Detonating Cord and Cast Boosters.

One-stop-shop for industrial explosives

We have significantly widened our bouquet of products and today are a one-stop-shop for industrial explosives.

A white seagull with brown wings is shown in flight against a light blue sky. The bird is positioned on the left side of the frame, with its wings spread wide, flying towards the right. The text is overlaid on the right side of the image.

*To take
manufacturing
capabilities
to the next level*

The annual explosives demand in India has been growing at a CAGR of 5-6% over the last decade. It stands at approximately 7.5 Lakh MT, currently. At Solar Industries, we have steadily expanded our manufacturing capacities in-line with this growing demand. Over the last five years, we have significantly enhanced our capacity in India and the current capacity stands at 2,19,240 MT per annum of Bulk Explosives, 74,655 MT per annum of Cartridge Explosives, 190 Million Nos. per annum of Detonators and 75 Million Mtrs. per annum of Detonating Cord. Today, we take pride in supplying majority share of current demand of explosives in India; thereby adding to country's self-sufficiency.

With an estimated investment of US\$ 1 trillion in infrastructure, India's 12th five-year plan shall prove to be a potent booster for increased demand for key ingredients such as steel, cement and power. To enable enhanced availability of these inputs, mining activities will require to be augmented. Potential increase in production of Coal, Iron Ore and other minerals augurs well for accelerated demand for industrial explosives. Riding on these domestic demand boosters, Indian explosives industry is expected to maintain its growth trajectory in the next decade as well. At Solar Industries, we have envisaged this need ahead of its time and have taken action to enhance our production capacities further. With the ongoing technological up-gradations we can now produce 125,000 of Cartridge and we have accordingly applied for enhancement of industrial licence. This is another step of our endeavour to assiduously spread our wings.

Our strong value proposition coupled with best-in-class service standards has helped us forge long-term relationship with customers. To further deepen the bond, we keep engaging with them through educational inputs on safe handling and optimum utilization of explosives. With these measures, we are confident on maintaining our growth momentum and further spread our wings in high potential areas in India.

“Our strong value proposition coupled with best-in-class service standards has helped us forge long-term relationship with customers.”

74,655 MT

Per annum of Cartridge Explosives

219,240 MT

Per annum of Bulk Explosives

A seagull is shown in flight, soaring through a bright blue sky filled with soft, white, fluffy clouds. The bird's wings are fully extended, showing the intricate feather patterns. The overall scene conveys a sense of freedom and exploration.

*To explore
new possibilities*

Besides being India's largest exporter for industrial explosives and initiating systems, we also operate three overseas manufacturing facilities. Over the past couple of years, we have also successfully ventured into various overseas markets. With the aim to position ourselves in future growth markets such as West Asia and South Europe after being established in Africa; we are fast spreading our footprints, globally.

Our two manufacturing units in Africa are strategically located, one each in Nigeria and Zambia. Our third overseas plant is strategically located at Turkey. All the three facilities are now operating smoothly and our products are being well-accepted in the respective markets.

Over the last five years we have also significantly spread our wings in the exports markets. We are currently exporting our entire range of products to more than 22 countries globally, a jump of 47% from 15 countries in 2009-10 and are growing at a steady pace. We take great pride in making a mark for India globally with our quality products. With the global economic recovery strengthening, the global demand for explosives is expected to increase. We are ready to further widen our wingspan, globally, to tap this rising demand.

“ All the three facilities are now operating smoothly and our products are being well-accepted in the respective markets. ”

India's
largest
exporter



Besides being India's largest exporter for industrial explosives and initiating systems, we also operate three overseas manufacturing facilities.

22
countries
globally



We are currently exporting our entire range of products to more than 22 countries globally, a jump of 47% from 15 countries in 2009-10 and are growing at a steady pace

The World of Solar

Solar Industries India Limited is country's leading manufacturer and exporter of explosives and initiating systems. With 17 manufacturing units in India, Solar Industries has widespread presence across key mining regions in India. The Company is an integrated player with in-house facilities to manufacture key raw materials also. The Company has three overseas plants each in Zambia, Nigeria and Turkey.

Vision

To emerge as a Global Leader in manufacture of Industrial & Military Explosives and an innovative solution provider with focus on Safety, Quality and Reliability.

Mission

- We will provide innovative technology and services through Research and Development.
- We will strive to contain product and service costs through constant re- engineering and improvement in all business processes.
- We will ensure high quality delivery of services offering exemplary technical, safety administrative and professional excellence with commitment to environmental safeguards
- We will forge and nurture alliances that are complimentary to the company's global ambitions.
- We will retain our responsive, efficient and effective processes and services to realize our vision at all times.

Manufacturing Capacities

Products	Licensed Capacity/Units
Bulk Explosives	219,240 MTPA
Cartridge Explosives	74,655 MTPA
Detonators	190 Mn. Units
Detonating Cord	75 Mn. Meters
PETN	1,650 MTPA
Cast Booster	1,500 MTPA
HMX and HMX Compounds	50 MTPA
Composite Propellants	250 MT

Key Customers

- ACC
- Border Roads Organization
- Coal India Limited
- National Hydroelectric Power Corporation (NHPC)
- Oil and Natural Gas Corporation (ONGC)
- Steel Authority of India Limited (SAIL)
- Singareni Collieries Company Limited
- TATA
- Ultratech
- UCIL
- Vedanta

Key Strengths

- State-of-the-art manufacturing facilities
- Wide range of products
- Skilled and highly trained manpower
- Strong distribution network, proximity to customers
- Best-in-class technology and R&D prowess
- Highly experienced management team
- Enhanced systems for safety, health and environment

Key Awards & Certificates

- Received special award from CAPEXIL for exports of detonator/detonating fuses and safety fuses
- Key process and operating standard certificates such as ISO 9001:2000, ISO 14001: 2004, OHSAS 18001:2007 and CE certification
- Member of SAFEX International, an apex body promoting best practices on safety standards in the global explosives industry

Key Overseas Markets



Milestones

1983

Promoters started trade in Cartridge Explosives and Detonators

1995

Incorporation of Solar Explosives Limited

1996

First manufacturing unit commenced production of Cartridge Explosives. Licensed capacity of 6,000 MT

1998

Production of Detonators commenced

2000

Started First Bulk Explosives plant

2001

Added Cast boosters and PETN in the product portfolio

2006

Company went public with listing at BSE and NSE

2008

Introduced Microdet Electronic Detonator & Solarpride (Dust Suppressant Chemical to Product folio)

2009

Emerged as India's largest explosives manufacturer

2010

Started 1st overseas manufacturing unit at Zambia

2011

Started 2nd overseas manufacturing unit at Nigeria

Ventured into Defence

2012

Bulk loading system started in Nigeria

2013

Started 3rd overseas manufacturing unit at Turkey and Multi-layer Shock tube was developed at India

2014

Expansion in manufacturing facilities in both domestic and overseas markets

Sets up manufacturing facilities to cater to Defense sector

Company's Scrip was included in NSE-Top 500

Board of Directors



Satyanarayan Nuwal



Kailashchandra Nuwal



Manish Nuwal



Kundan Singh Talesra



Roomie Dara Vakil

Corporate Information

Board of Directors

Shri Satyanarayan Nuwal
Chairman and Executive Director

Shri Kailashchandra Nuwal
Executive Director

Shri Manish Nuwal
Executive Director

Shri Kundan Singh Talesra
Executive Director

Shri Roomie Dara Vakil
Executive Director

Shri Anant Sagar Awasthi
Non-Executive Independent Director

Shri Satish Chandra Gupta
Non-Executive Independent Director

Shri Amrendra Verma
Non-Executive Independent Director

Shri Dilip Patel
Non-Executive Independent Director

Shri Ajai Nigam
Non-Executive Independent Director

Chief Financial Officer

Shri Nilesh Panpaliya

Company Secretary

Mrs. Khushboo Pasari

Statutory Auditors

M/s Gandhi Rathi & Co.

Bankers

Axis Bank
Bank of India
DBS Bank
HDFC Bank Ltd.

ICICI Bank
IndusInd Bank
State Bank of India
Yes Bank

Registered and Corporate Office

11, Zade Layout, Bharat Nagar
Nagpur- 440033
Ph: +91-712-2561000
E-mail: solar@solargroup.com
CIN No.: L74999MH1995PLC085878

Registrar and Share Transfer Agents & Depository Registrar

Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound
LBS Marg, Bhandup (W), Mumbai-400078
Ph: 022-25963838
E-mail: solar@linkintime.co.in

Audit Committee

Shri Anant Sagar Awasthi, Chairman
Shri Satish Chandra Gupta, Member
Shri Dilip Patel, Member
Shri Manish Nuwal, Member

Stakeholders Relationship Committee

Shri Anant Sagar Awasthi, Chairman
Shri Kailashchandra Nuwal, Member
Shri Kundan Singh Talesra, Member

Nomination & Remuneration Committee

Shri Anant Sagar Awasthi, Chairman
Shri Satish Chandra Gupta, Member
Shri Dilip Patel, Member

Corporate Social Responsibility Committee

Shri Satyanarayan Nuwal, Chairman
Shri Manish Nuwal, Member
Shri Ajai Nigam, Member

Grievance Redressal Division

investor.relations@solargroup.com



Management Discussion and Analysis

ECONOMIC OVERVIEW

Global Economy

The global GDP growth is estimated to have come down to 2.4% in 2013 from 2.5% recorded in the previous year, as per World Bank. The developed economies that started to rebound in late 2012 continued to grow in 2013 as well. However, their pace of growth is estimated to be lower at 1.3% in 2013 as against 1.5% in 2012. Whereas the developing economies GDP growth in 2013 is estimated at 4.8% same as in 2012.

The world's largest economy U.S. has shown signs of recovery during the year, which has given the U.S. Federal Reserve the confidence to start tapering of its quantitative easing program. Also, the Euro region has shown signs of recovery supported by the European Central Bank. However, the current issue of rising NPA in China and increased liquidity tightening would lead to the slowdown in its economic growth.

The Sub-Saharan Africa has witnessed robust economic activities during the year 2013. GDP growth in the region has further strengthened to 4.7% in 2013, up from 3.7% in 2012. The strong growth was supported by robust investment in the resource sectors and public infrastructure. Economic growth in sub-Saharan Africa is forecast to accelerate to 5.2% in 2014, driven by increasing investment to exploit the region's natural resources and develop infrastructure.

The developing countries of the Middle East and North Africa region during the year 2013 have witnessed contraction in economic growth of 0.1%. This was largely due to the regional turmoil and weak export demand. However, the year 2014 is witnessing a gradual recovery and is expected to grow at 1.9% in

2014. Recovery in oil production, industrial activity and exports is contributing to the pick-up in growth this year. However the growth remains fragile where security challenges in several countries is a key constrain.

The global real GDP growth is expected to be 3.2% in 2014 and 3.4% in 2015 as per World Bank's report Global Economic Prospects. The global growth is expected to be supported more by the developed economies than the developing economies.

Indian Economy

The growth in Indian infrastructure industry remained tepid, with regulatory hurdles like environment clearance and land acquisition issues weighing heavily on the industry. Industrial production has also been very sluggish, with sectors like cement witnessing a flat growth in demand. The growth in Index of Industrial Production, the index that measures industrial activities, during the year has been negative at -0.1%. As per Central Statistical Organisation (CSO) provisional estimates India GDP is estimated to have grown at 4.7% in 2013-14.

Inflationary pressures in the economy and currency volatility persisted for most of the year except when the central bank intervened to control it.

However, sentiments have already reversed, with a new pro-reform Government getting a thumping victory and a clear mandate. This is expected to significantly turnaround the investment cycle and kick start economic activities, leading to better growth prospects.



EXPLOSIVES INDUSTRY OVERVIEW

The explosives industry is an important and vital constituent of the India Inc. growth story. The industry acts like a catalyst in the processes of mining and infrastructure development activities such as Tunneling, Road construction, Dams, Canals, Well sinking, etc.

The global explosives industry is estimated to be worth US\$ 10 Billion. With a market share of 5% and size of ₹ 3,100 Crore, India ranks as the 8th largest industrial explosives market in the world. India is also counted among the fastest growing market for explosives.

The explosives industry is highly regulated in India and capacities are established purely on license basis. The industry can be divided into three broad categories a) Packaged Explosives b) Bulk Explosives c) Initiating Systems.

The demand for explosives in India is largely from the mining industry which accounts for ~ 80% of the total consumption of industrial explosives. The balance is accounted by the infrastructure and construction sector. Within the mining space, coal alone accounts for more than 70% of the explosives consumed in India, of which Coal India singularly consumes bulk of this production. The Explosives industry in India is very fragmented with more than 30 players. However, only 7 companies account for a lion's share of the production.

Exports of industrial explosives from India have steadily grown at a CAGR of 12.8% over 2008-09 to 2013-14 (Exhibit 1: Export of explosives from India). Being a cost-efficient manufacturer, India holds huge potential in export of explosives and initiating systems. However, regulatory bottlenecks (restriction on quantity to be shipped at a time) not only restrict exports but also increase freight and incidental charges incurred by the exporter.

Exhibit 1:

Export of explosives from India

(₹ Crore)

Year	Export
2008-09	131.39
2009-10	156.25
2010-11	182.22
2011-12	219.91
2012-13	203.74
2013-14	240.00

Source: Petroleum & Explosives Safety Organization Report for 2012-13



KEY DEMAND DRIVER INDUSTRY'S OVERVIEW

Mining Industry Overview

Global Mining Industry

The mineral mining industry since 2001 to 2011 has posted a CAGR growth of 3.9%, as per World Mining Congress. China, the world's largest consumer of minerals, accounts for ~40-50% share of the total global mineral consumption. China has to rely on imports for many key minerals where it is a key importer of copper, iron ore and coking coal. The share of Asia in the total world's mineral production has moved up from 45.4% to 58.2% during the same period.

Indian Mining Industry

India has huge reserves of various natural minerals and is amongst the 4th (after China, US and Russia) largest mineral producing nations in the world. There is a huge demand for mined minerals in, both, the domestic market as well as the exports market. However, the contribution of mining has declined, from 3.0% of GDP in 1999-2000 to 2.0% in 2012-13. This is due to lack of transparency in various mining regulations which has proved to be a major hurdle for growth of this highly potent industry. During the year the mining activities has witnessed a slowdown with -0.8% growth in mining IIP.

Coal

India is estimated to have abundant coal reserves (~ 293 Billion tonnes) and Coal is the largest source of energy in India with 53% share in the total energy consumption. Of the total demand of coal in India, 75% is consumed by power sector alone.

With lion's share of 81%, Coal India Limited (CIL) is not only India's but also the world's largest coal mining company. Coal India is contributing significantly towards the growth of coal production in India.

During the year 2013-14, Coal India's total production stood at 462 million tonnes, up from 452 million tonnes in 2012-13. Coal India has targeted production of 507 million tonnes for the year 2014-15 which would lead to heightened demand for explosives. India has a burgeoning demand for coal as India's power capacity is expected to increase significantly from around 230 GW in 2013 to around 319 GW by 2017. Higher production of coal implies higher requirements of explosives, auguring well for the Company.

Iron Ore

Steel production capacity in India has been significantly ramped up from 66 million tonnes in 2009 to about 90 million tonnes in 2013. With strong demand from the infrastructure sector, the largest consumer of steel in India, the demand for steel is expected to remain high. To cater to the rising demand, it is expected that by 2020, the total steel production capacity in India would touch 200 million tonnes.



Iron ore is an important raw material for making steel and approximately 1.6 to 1.7 tonnes of iron ore is required to make one tonne of steel. Over the last two years production of iron ore in India has contracted, due to regulatory issues. From the highs of 219 million tonnes in 2009-10 the production is estimated to have fallen to 135 million tonnes in 2013-14. However, with number of mines in Karnataka & Goa receiving clearances the production is expected to jump to 182 million tonnes in 2014-15. With the growth of the iron ore mining industry demand for explosives will also grow.

Limestone

Limestone is one of the key materials used in manufacturing of cement. The total cement capacity in India as of March 2014 stands at around 363 million tonnes and is the second largest market in the world after China. With huge investments expected in the construction sector the demand for cement expected to remain robust. To meet the growing demand in India a report of the working group on cement industry for twelfth five year plan has projected that the total cement capacity would jump to more than 440 million tonnes by the end of 2017. This auger well for the Company as with a rising demand for limestone there would be higher demand for explosive for mining them.

Construction Sector

Construction sector has two key segments namely

- (1) Buildings including residential, commercial, institutional and industrial and
- (2) Infrastructure such as rail, road, dams, irrigation, airports and seaports, power systems, telecommunication systems, urban infrastructure including water supply, sewerage, and drainage and rural infrastructure.

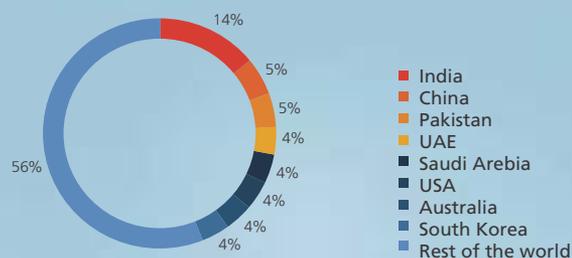
Infrastructure is considered to be the backbone of every nation and the most integral part for its economic growth. Taking cognizance of this fact, the country has been significantly increasing its planned outlay in infrastructure sector over the last three five-year plans. The planned outlay has nearly doubled to ₹ 52,30,900 Crore in 12th Five year plan from ₹ 20,56,150 Crore in 11th Five year plan. This implies a huge latent demand of explosives used in such activities, for making Tunnels, Dams, Rail & Road routes etc. Also, this would lead to significant use of cement, steel and aggregates which in turn would boost use of industrial explosives.

With rising per capita income and urbanization, the demand for real estate continues to be robust. This would also act as a significant boost for direct and indirect use of industrial explosives.

Defence

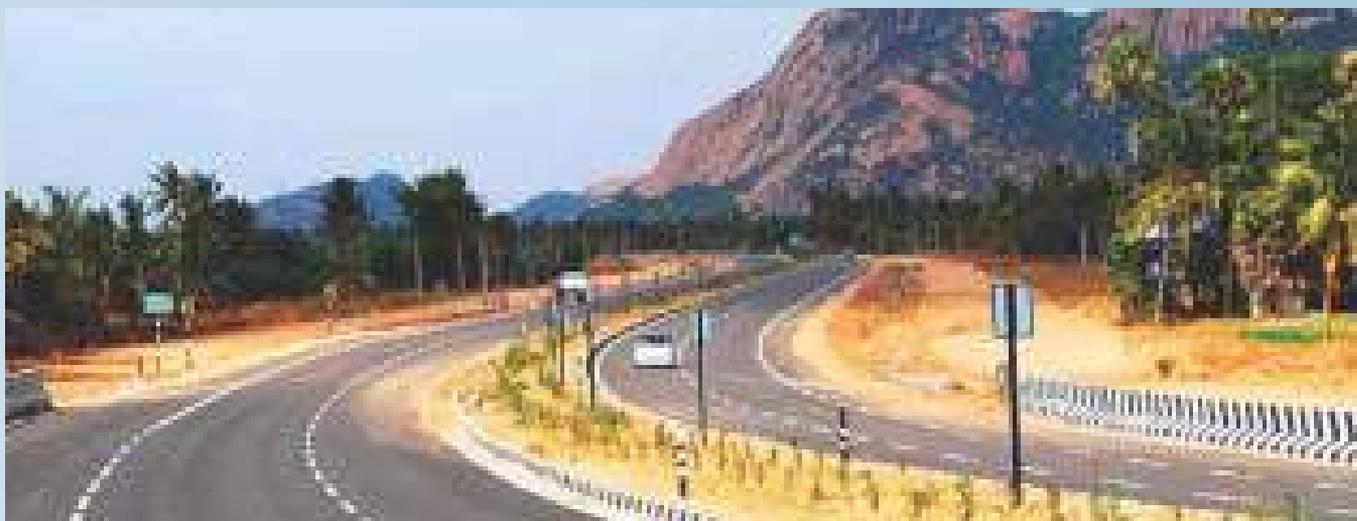
According to a report released by the Stockholm International Peace Research Institute (SIPRI) India is the world's largest arms importer. The total arms import in India, over the past five years as compared to 2004–08, has increased by 111% and it now accounts for 14% of the total world's arms imports annually.

Exhibit 2: Share of top countries in global arms import



Source: SIPRI

To reduce significant outflows of valuable foreign currency as well as to promote domestic growth of the industry the Government has put forth the defence procurement policy 2013. Under this policy, all Government procurements hereon would need to have a minimum 30% (of such purchases) with indigenous content. This has opened up new business opportunities for the Company. Accordingly, Solar Industries has sensed enormous potential for the manufacture of Propellants, Pyrotechnics and Warheads which are mostly imported currently. Your company has been the first company in the private sector to receive a licence to manufacture HMX Compounded products. We have successfully set up the facilities to produce HMX & trial and production has already commenced. The Composite Propellant plant has been established. The Company has already submitted HMX compounded products for evaluation to the Defence end product manufacturers. With increased outlay for defence every year the potential in this space only keeps rising.



OPERATIONAL REVIEW

Solar Industries is the first company in the private sector to have received the licence for production of HMX. Solar has also commenced the production of commercial Explosives at its Turkey plant and also set up assembly unit at Zambia. Solar Industries has successfully introduced Cartridge Explosives & Detonator's in the Zambia market. Another first to its credit is the successful development of multi layer shocktubes.

We have continuously maintained a steady focus in terms of expanding our export sales and during the year our products were exported to 22 countries across Asia and Africa continent. The sales from exports during the year stood at ₹ 119.90 Crore, up from ₹ 89.55 Crore in the year 2012-13. The share of exports in the total sales stood at 9.86% during the year as against 7.38% in 2012-13.

The current mining industry which has been Zambia's back bone was under pressure as the prices of the commodity tumbled in world market. The same resulted in lower production thereby affecting the sales of our explosives. This also got coupled with the labour problems as mining companies wanted lay off of employees under depressed mining condition. However things have moved forward now with revival of global current prices and we look ahead for gradual improvement.

Safety has always been the most important factor of the business and we, at Solar, follow the highest standards of safety. Solar is also on the Governing Body of SAFEX, an International Body which promotes global best practices on safety standards in explosives industry. Maintaining the trend during the year also we had Nil Frequency Rate, Severity Rate and Incident Rate.

The Ammonium Nitrate (AN) rules 2012 under the Explosives Act have been implemented from 12-01-2013. Since rules regulating storage, transport and use of AN have come into force, Solar has geared itself up and has invested in the construction of new godowns to comply with the rules. The major fall out of the AN rules is the Port authorities have imposed a ban on Bulk imports and storage within the port area. The Industry is in negotiations with the Port authorities to resolve these issues. However, because of these restrictions, the import of Ammonium Nitrate has virtually stopped in 2013-14. While this has affected our trade of Ammonium Nitrate, and also affected sale in the month of February, but the AN rules will increase the consumption of Explosives in the long run as unauthorized blasting with AN will cease to continue, shifting this demand to the organized market.

During the year there was significant volatility in currency. From the start of the year INR against US\$ depreciated by 27.5% touching the low of 69.225. However, with the fall in the Current Account Deficit and measures taken by RBI it recovered by 13% by the end of the year. During the year the Company has significantly reduced its imports however exports growth has been 33.89%.

In the year under review, we lost business in Singareni Collieries Company due to non-remunerative pricing and unachievable performance criteria fixed by Singareni Collieries Company. However, Singareni Collieries Company reviewed its own purchase practice and floated a tender with revised norms for the years 2014-15 and 2015-16 where Solar has received maximum order quantity.



FINANCIAL REVIEW

Net Sales

The net sales reported during the year was ₹ 1,132.96 Crore, marginally higher than those reported in the previous year, at ₹ 1,121.8 Crore. A subdued demand from the construction as well as mining sector can be blamed for this muted growth. The Domestic and export contribution to sales is the same as the previous year; with domestic sales contributing 71% and our export & overseas sales contributing 29%.

Raw Material

The total raw material cost during the year was ₹ 590.8 Crore as against ₹ 650.1 Crore in 2012-13. Raw material as a percentage of net sales stood at 52.2% significantly lower than 58.0% recorded in 2012-13.

EBIDTA

The Company reported an EBIDTA of ₹ 214.1 Crore, in 2013-14, higher than ₹ 197.5 Crore reported in 2012-13. EBIDTA margins for the year 2013-14 improved to 18.9% as against 17.6% in 2012-13. A change in product mix, favoring higher value added products, and better management of materials consumed and other operating expenses resulted in this improvement.

Profit After Tax

The net profit after tax during the year 2013-14 has been marginally higher at ₹ 118.4 Crore as against ₹ 116.3 Crore in 2012-13. Net profit margin remained flat at near 10.5%.

Gross Debt

Gross debt during the year increased from ₹ 344.5 Crore in 2012-13 to ₹ 442.7 Crore in 2013-14. This is largely due to the capital expenditure done for Composite Propellant manufacturing plants & expansion of facilities at Zambia, Turkey and India.

Outlook

The Government is expected to take a number of measures to fast track infrastructure growth. As also, with a recovery in the global economy, demand for coal and iron ore should only improve and this rise in demand is expected to lead to better growth for export of explosives and also higher demand for the Company's plants in the key mining regions of Africa and Europe.

RISK & CONCERNS

Solar Industries India Limited is one of the oldest and largest manufacturers of explosives in India. It has over three decades of experience in manufacturing and safe transit at the client destination. The Company is a professionally managed company with different business verticals headed by a highly experienced and competent team of professionals. The Company, over the years, has continuously enhanced its processes and built a robust

and integrated risk management system. Some of the key risks faced by the Company and their mitigation plan are as under:

Economic factor: The end-use sector for the Company is based on economic and infrastructure sector growth and hence economic slowdown can have an adverse impact.

Measure: Over the last three decades, the Company has seen number of business cycles. Leveraging on this experience, Solar has maintained a reasonably leveraged balance sheet. Also, with best-in-class product offerings, Solar is the preferred supplier to all major players in the mining and infrastructure sector.

Regulatory factor: The highly-sensitive commercial explosives industry is stringently regulated. Any kind of adverse decision by concerned authorities could impact the Company's core operations.

Measure: The Company abides by all the rules and laws set by the regulatory body and as such it is in possession of all the necessary licenses. It restricts the sale of products only to licensed buyers.

Political factor: Government regulations and spending provide a great boost to Infrastructure and mining growth. That said, both these sectors are subject to many clearances.

Measure: The Company serves a diverse set of clients across different states. This limits client concentration and also mitigates regional specific risk.

Raw material price volatility: The price of the Company's key raw material, Ammonium Nitrate, has demonstrated volatility and can have swift movements, which can have an adverse impact on its profitability.

Measure: Your Company is uniquely positioned, with a high degree of backward integration (except AN manufacturing). All sales of AN, except spot sales, are with price escalation clauses Explosives insulating your company from such fluctuations and helping it maintain margins.

Concentration risk: Concentration on few industries and clients could have an adverse impact on the Company's revenue if there is any slowdown in these segments.

Measure: Solar offers a vast bouquet of products that are used across mining and infrastructure some of the largest industries in India. Also Solar has substantial amount of revenue from its overseas operations as well as from exports. Consequently, Solar remains well diversified geographically as well as with its client base.

Hazardous risk: The Company's business is prone to accidents and requires a high level of safety.

Measure: Solar is cognizant of such risks and whole heartedly supports the wellbeing of all its employees. Solar is an active member of SAFEX, an international apex body promoting best safety practices. The Zero incident rate, frequency rate and severity rate for the year shows our dedication towards safety. Solar regularly conducts safety training for all its employees directly or indirectly working across various processes and also follows regular safety check mechanism.

SAFETY, HEALTH, ENVIRONMENT AND HUMAN RESOURCE

Safety

As a Company with more than three decades in the explosives industry Solar Industries is highly cognizant of the fact that how important safety holds in its business and hence Solar Industries follows the highest standard of safety at all its manufacturing plants.

Key initiatives to enhance safety

- Competency evaluation and subsequent training of all workmen and supervisors from sensitive manufacturing plants, were carried out by a competent and experienced person
- Regular training programmes were conducted for supervisors on specific topics relevant to explosives handling and usage
- Risk assessments, which are a part of “oshas” discipline, were carried out on all hazardous operations
- To bring involvement of workmen in the safety culture of the Company, workmen who had come-up with good suggestions to improve safety, were rewarded
- CCTV cameras were installed in plants and in magazine area for improved monitoring

SAFEX

Solar Industries is also on the Governing Body of SAFEX, an apex body that promotes best safety practices in explosives industry. The Company continuously provides training to its entire workforce and has built various check points in the system to monitor the safety process.

Training Data

No. of Trainings Conducted		No. of Personnel Trained		Total Man Hours of Training	
Supervisors/ Executives	Operators	Supervisors/ Executives	Operators	Supervisors/ Executives	Operators
91	1,134	1,153	12,545	2,634	18,169

5.3081 million hours

Total numbers of Accident Free Man Hours worked since last Lost Time Accident (on 24.03.13)



Health

At Solar, employees and workers are its most important asset and we take immense care for their health, as well as their family's health issues. We have undertaken several initiatives that enable our employees to mitigate health related contingencies and enhance their concentration over work.

Key initiatives for better health

- From the very first day of their joining, all our employees are covered under the Employee Personal Accident policy which provides safety on health related aspects
- A compensation policy for all workers covers accidental damage, accidental disability and accidental death, for all plant workers
- Group Mediclaim policy covers the employees' family members (parents, spouse and up to two children)
- Cashless facility for hospital treatment, so the employee can effortlessly manage family health related expenses
- Periodical medical check-ups for employees and workers
- A dedicated physician has been appointed at the manufacturing facility to address any accidents and provide first-aid treatment and refer to the hospital for further treatment

The Company also has a well-stocked and accessible first-aid kit, essential safety accessories, mineral water for drinking and landscaping and gardening to make the campus a pleasant environment to work.

Environment

We at Solar Industries not only respect the ecosystem but also work assiduously towards conserving it. We have adopted eco-friendly technologies at our various operational processes which are highly focused towards minimising pollution, control waste and conserve natural resources.

Apart from the successful implementation of the ISO 9001-2008, the Company also conforms to the Environmental management system (ISO 14001-2004) and OHSAS (18001-2007) for Occupational Health and Safety certifications.

Key initiatives for preserving environment

- Effective management of stp (sewage treatment plant) has helped in water conservation to the extent of 30-40% of the day's requirement in the factory
- In an effort to conserve water, rain water harvesting has been started
- In an effort to develop a green belt, tree plantation has been done in many areas inside the factory premises

CORPORATE SOCIAL RESPONSIBILITY

At Solar, we firmly believe in a better quality of life, and as part of the Company CSR activities it has planned to focus towards Education, Health and Environment. Solar has already formed a special committee to define the CSR policy of the Company in consultation with the Company's stakeholders as well as key industry experts. The Company would strive towards enhancing India's Human Development Index and also build model villages with good quality of education, healthcare and other key services.



INTERNAL CONTROL SYSTEM

Internal control systems give authenticity to the information, reports, records, documents, transactions and serve as a strong foundation for decision-making for the management. The Company has established proper internal control systems and procedures which are compatible with the size of its operations and business. With a view to ensure that the aforementioned systems are adhered to and the controls are not flouted, a firm of chartered accountants conducts an Internal Audit of operations, establishments, and stockyards on a quarterly basis. The Audit Committee reviews the reports of the Internal Auditors and monitors the overall effectiveness and the operational efficiency of the internal control systems. The Audit Committee provides valuable suggestions from time to time towards improving the business processes, systems and internal controls.

Presently the Company is working on ERP (SAP ECC6.0 EHP5 module) which helps in business activities such as material management, finance, payroll and sales and distribution. During the year under review, the Company has also implemented plant maintenance and quality management modules to enhance the performance of the plant as well as for testing the quality of raw materials and finished goods.

HUMAN RESOURCE MANAGEMENT

Solar Industries have a strong belief that its human capital is its most important asset. They play a pivotal role in offering better product quality and services to our customers. The Company over the years has built a very robust and dynamic HR policy and employee roles. This makes them a supportive force for each other becoming strategic business partners. The policy not only gives clarity on individual roles but also aligns the employee goals with the Company's objectives.

Training and development programmes are continuously designed and implemented to address the growing needs of the market and also help the employee grow his skills. The Company always strives towards employee empowerment, growth and development of individuals by realizing their potential, encouraging innovative ideas and fair distribution of rewards thereby building long term sustainable business capabilities. This has helped Solar Industries to retain existing human resources and attract new talent.



Notice Calling Annual General Meeting

NOTICE is hereby given that the Nineteenth Annual General Meeting of the members of the Company will be held on Thursday, September 04, 2014 at 12.30 p.m. at Hotel Tuli Imperial, Central Bazar, Ramdaspath, Nagpur – 440 010, Maharashtra to transact the following businesses:

ORDINARY BUSINESS:

ITEM NO. 1

To receive, consider and adopt the Audited statement of Profit & Loss for the year ended on 31st March, 2014 and the Balance Sheet as at that date together with the Reports of the Board of Directors and the Auditors thereon.

ITEM NO. 2

To confirm the payment of Interim Dividend on Equity Shares and to declare a Final Dividend on the Equity Shares for the financial year 2013–14.

ITEM NO. 3

To appoint a Director in place of Shri Kailashchandra Nuwal (DIN 00374378), who retires by rotation, and being eligible, offers himself for re-appointment.

ITEM NO. 4

To re-appoint Auditors of the Company to hold office from the conclusion of this 19th Annual General Meeting until the conclusion of the 22nd Annual General Meeting of the Company to be held in the year 2017 and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Rules framed thereunder and other applicable provisions if any, as amended from time to time, M/s Gandhi Rathi & Co, Chartered Accountants (Firm Registration No. 103031W), be and are hereby re-appointed as Auditors of the Company, to hold office from the conclusion of this 19th Annual General Meeting until the conclusion of the 22nd Annual General Meeting of the Company to be held in the year 2017 (subject to ratification of their appointment at every AGM) at such remuneration plus service tax, out-of-pocket, travelling & living expenses, etc., as may be mutually agreed between the Board of Directors of the Company and the Auditors.”

SPECIAL BUSINESS:

ITEM NO.5

To re-appoint Shri Kundan Singh Talesra (DIN 00168195) as a Whole-time Director designated as Executive Director, to fix his remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT in accordance with the provisions of Sections 2(94), 196, 197, 198 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), consent of the Company be and is hereby accorded to the re-appointment of Shri Kundan Singh Talesra (DIN 00168195) as a Whole-time

Director, designated as Executive Director of the Company, who shall not be liable to retire by rotation, for a period of 5 (five) years with effect from April 1, 2014 to March 31, 2019 on the terms and conditions including remuneration as set out in the Statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors (hereinafter referred to as “the Board” which term shall be deemed to include the, Nomination and Remuneration Committee of the Board) to alter and vary the terms and conditions of the said re-appointment and / or remuneration as it may deem fit and as may be acceptable to Shri Kundan Singh Talesra, subject to the same not exceeding the limits specified under Schedule V of the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof;

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution.”

ITEM NO.6

To re-appoint Shri Roomie Dara Vakil (DIN: 00180806) as a Whole-time Director designated as Executive Director, to fix his remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as

Special Resolution:

“RESOLVED THAT in accordance with the provisions of Sections 2(94), 196, 197, 198 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), consent of the Company be and is hereby accorded to the re-appointment of Shri Roomie Dara Vakil (DIN:00180806) as a Whole-time Director, designated as Executive Director of the Company, for a period of 3 (three) years with effect from April 1, 2014 to March 31, 2017 on the terms and conditions including remuneration as set out in the Statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors (hereinafter referred to as “the Board” which term shall be deemed to include the, Nomination and Remuneration Committee of the Board) to alter and vary the terms and conditions of the said re-appointment and / or remuneration as it may deem fit and as may be acceptable to Shri Roomie Dara Vakil, subject to the same not exceeding the limits specified under Schedule V of the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof;

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to do all such acts, deeds, matters and things as may be necessary, desirable or expedient to give effect to this resolution.”

ITEM NO.7

To appoint Shri Anant Sagar Awasthi (DIN: 00228429) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 along with the Companies (Appointment

and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Shri Anant Sagar Awasthi (DIN: 00228429), be and is hereby appointed as Non-Executive Independent Director of the Company, to hold office for a period of 5 (five) consecutive years beginning from April 1, 2014 to March 31, 2019."

ITEM NO.8

To appoint Shri Dilip Patel (DIN: 00013150) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 along with the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Shri Dilip Patel (DIN: 00013150), be and is hereby appointed as Non-Executive Independent Director of the Company, to hold office for a period of 5 (five) consecutive years beginning from April 1, 2014 to March 31, 2019."

ITEM NO 9

To appoint Shri Satish Chandra Gupta (DIN: 00025780) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 along with the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Satish Chandra Gupta (DIN: 00025780), be and is hereby appointed as Non-Executive Independent Director of the Company, to hold office for a period of 5 (five) consecutive years beginning from April 1, 2014 to March 31, 2019."

ITEM NO.10

To appoint Shri Ajai Nigam (DIN: 02820173) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 along with the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Shri Ajai Nigam

(DIN: 02820173), be and is hereby appointed as Non-Executive Independent Director of the Company, to hold office for a period of 5 (five) consecutive years beginning from April 1, 2014 to March 31, 2019."

ITEM NO.11

To appoint Shri Amrendra Verma (DIN: 00236108) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 along with the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Shri Amrendra Verma (DIN: 00236108), be and is hereby appointed as Non-Executive Independent Director of the Company, to hold office for a period of 5 (five) consecutive years beginning from April 1, 2014 to March 31, 2019."

ITEM NO.12

To approve the remuneration of the Cost Auditors for the financial year ending March 31, 2015 and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), M/s. Khanuja Patra & Associates, Nagpur, the Cost Auditors appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year 2014-15 ending on March 31, 2015, be paid the remuneration as set out in the Statement annexed to the Notice convening this Meeting;

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution."

By Order of the Board

Date: 26th May, 2014
Place: Nagpur

(Khushboo A. Pasari)
Company Secretary

Registered office:

11, Zade Layout, Bharat Nagar,
Nagpur - 440 033 (M.S.)
CIN: L74999MH1995PLC085878
Email: investor.relations@solargroup.com
Website: www.solargroup.com

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT OF PROXY IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY, DULY COMPLETED AND SIGNED NOT LESS THAN 48 HOURS BEFORE THE MEETING.

A PERSON CAN ACT AS A PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. A MEMBER HOLDING MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS A PROXY FOR ANY OTHER PERSON OR SHAREHOLDER.

CORPORATE MEMBERS INTENDING TO SEND THEIR AUTHORISED REPRESENTATIVES TO ATTEND THE MEETING ARE REQUESTED TO SEND TO THE COMPANY A CERTIFIED COPY OF THE BOARD RESOLUTION AUTHORISING THEIR REPRESENTATIVE TO ATTEND AND VOTE ON THEIR BEHALF AT THE MEETING.

2. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, members would be entitled to inspect the proxies lodged, at any time during the business hours of the Company, provided not less than three (3) days written notice is given to the Company.
3. An explanatory statement pursuant to Section 102(1) of the Companies Act, 2013 in respect of the concern business is annexed hereto.
4. Disclosure pursuant to Clause 49 of the Listing Agreement with respect to the Directors seeking Appointment/re-appointment at the forthcoming Annual General Meeting is incorporated in the Corporate Governance section.
5. Pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Rules made thereunder, the current auditors of the Company, M/s Gandhi Rathi & Co, Chartered Accountants are eligible to hold office for a period of three years, upto 2017. The appointment of M/s Gandhi Rathi & Co, Chartered Accountants as auditors for three years from the conclusion of the ensuing Annual General Meeting till the conclusion of the 22nd Annual General Meeting, to be scheduled in 2017 and to fix their remuneration for the year 2014-15 has been put up for the approval of members.
6. Pursuant to the provisions of Section 91 of the Companies Act, 2013, the Register of Members and Share Transfer books of the Company will remain closed from 26th August, 2014 to

6th September, 2014 (both days inclusive) for annual closing and determining the names of members eligible for Final Dividend on Equity Shares for the year 2013-14 if declared at the Annual General Meeting.

7. Members holding shares in physical form are requested to intimate immediately to the Registrar & Share Transfer Agent of the Company, M/s Link Intime India Private Limited, C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (W), Mumbai 400 078, quoting Registered folio number, details of their Bank Account/Change in Bank Account, if any to enable the Company to print these details on the Dividend warrants, and change in their address, if any, with Pin Code Number. Members holding shares in electronic form shall address communication to their respective Depository Participants only.
8. Subject to the provisions of Section 126 of the Companies Act, 2013, the payment of Dividend, upon declaration by the shareholders at the forth coming Annual General Meeting, will be made on or after 19th September, 2014 as under:
 - a) To all those beneficial owner(s) holding shares in electronic form as per the beneficial ownership data as may be made available to the Company by National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) as of the end of the day on 25th August, 2014.
 - b) To all those shareholders holding shares in physical form after giving effect to all the valid share transfers lodged with the Company before the closing hours on 25th August, 2014.
9. Shareholders desiring any information relating to the accounts are requested to write to the Company at an early date so as to enable the management to keep the information ready.
10. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company / Registrar.
11. For the convenience of members and for proper conduct of the meeting, entry to the place of meeting will be regulated by attendance slip, which is a part of the Annual Report. Members are requested to sign at the place provided on the attendance slip and hand it over at the entrance of the venue.
12. During the financial year 2014, the Company has transferred to the Investor Education & Protection Fund, the unclaimed Final Dividend for the year 2005-06.

During the current financial year 2015, Company will be required to transfer the unclaimed Final Dividend for the year 2006-07. Those Members who have not encashed their warrants are

requested to immediately return the outdated warrants to the Company or write to the Company in the matter to enable the Company to issue Demand Drafts in lieu thereof.

Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 11th September, 2013 (date of last Annual General Meeting) on the website of the Company (www.solargroup.com), as also on the website of the Ministry of Corporate Affairs.

13. In terms of section 101 and 136 of the Companies Act, 2013 read together with the Rules made thereunder, the listed companies may send the notice of Annual General Meeting and the Annual Report, including Financial statements, Board Report, etc. by electronic mode. The Company is accordingly forwarding soft copies of the above referred documents to all those members who have registered their email ids with their respective Depository Participants or with the Share Transfer Agent of the Company.
14. Members who have not registered their Email addresses so far are requested to register their Email address with the Company for the purpose of service of documents viz. Annual Report, Notice of General Meetings, etc. by email.
15. Documents referred to in the Notice and the explanatory statement shall be open for inspection by the members at the registered office of the Company on all working days (Monday to Saturday) from 10.00 a.m. to 1.00 p.m. except holidays, upto the date of the meeting.
16. Members/Proxies are requested to bring the copies of Annual Reports to the meeting.
17. Voting through electronic means:
In terms of the provisions of Section 108 of the Companies Act, 2013 (the Act) read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (hereinafter called "the Rules" for the purpose of this section of the Notice)

and Clause 35B of the Listing Agreement, the Company is providing facility to exercise votes on the items of business given in the Notice through electronic voting system, to members holding shares as on 1st August 2014 (End of Day) being the Cut-off date (Record date for the purpose of Rule 20 (3) (vii) of the Rules) fixed for determining voting rights of members, entitled to participate in the e-voting process, through the e-voting platform provided by CDSL.

The voting period begins on 29th August, 2014 and ends on 31st August, 2014. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 1st August, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

The instructions for e-voting are as under:

A. For members who receive notice of Annual General Meeting through e-mail:

- (i) Log on to the e-voting website www.evotingindia.com during the voting period.
- (ii) Click on "Shareholders" tab.
- (iii) Now, select "SOLAR INDUSTRIES INDIA LIMITED" from the drop down menu and click on "SUBMIT"
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. • In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. <ul style="list-style-type: none"> • Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the number of shares held by you as on the cut off date in the Dividend Bank details field.

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click EVSN of SOLAR INDUSTRIES INDIA LIMITED on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Note for Institutional Shareholders
- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.com> and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details they have to create a compliance user should be created who would be able to link the account(s) for which they wish to vote on.
- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.
- B. In case of members who receive notice of Annual General Meeting in physical Form:**
- (i) Members holding shares either in demat or physical mode who are in receipt of Notice in physical form, may cast their votes using the Ballot Form enclosed to this Notice. Please refer instructions under heading C below for more details.
- (ii) Members may alternatively opt for e-voting, Please follow steps from sl. no. (i) to sl. no. (xvii) Under heading A above to vote through e-voting platform.
- C. For members who wish to vote using Ballot Form:**
- (i) Pursuant to Clause 35B of the Listing Agreement, members may fill in the Ballot Form enclosed with the Notice (a copy of the same is also part of the soft copy of the Notice) and submit the same in a sealed envelope to the Scrutiniser, Mr. Tushar Pahade of M/s T. S. Pahade & Associates, Practising Company Secretaries, Unit: Solar Industries India Limited. C/o. Link Intime India Pvt. Ltd., C-13, Pannalal Silk Mills Compound, L.B.S Marg, Bhandup(W), Mumbai-400 078, so as to reach by 5.00 p.m. on 31st August 2014. Unsigned, incomplete or incorrectly ticked forms are liable to be rejected and the decision of the Scrutiniser on the validity of the forms will be final.
- (ii) In the event, a member casts his votes through both the processes i.e. e-voting and Ballot Form, the votes in the electronic system would be considered and the Ballot Form would be ignored.
- D. General Instructions**
- (i) The Company has appointed Mr. Tushar Pahade of M/s T. S. Pahade & Associates, Practising Company Secretaries (FCS No. 22875 CP No. 8576), having address Unit: Solar Industries India Limited. C/o. Link Intime India Pvt. Ltd., C-13, Pannalal Silk Mills Compound, L.B.S Marg, Bhandup(W), Mumbai-400 078, as a Scrutiniser for conducting the e-voting process, (including voting through Ballot Form received from the members) in a fair and transparent manner.
- (ii) The Scrutiniser shall, within a period not exceeding three (3) working days from the conclusion of the e-voting period, unlock the votes in the presence of at least two

(2) witnesses, not in the employment of the Company and make a Scrutiniser's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.

(iii) In the event of a poll, please note that the members who have exercised their right to vote by electronic means/through ballot form as above shall not be eligible to vote by way of poll at the meeting. The poll process shall be conducted and report thereon will be prepared in accordance with section 109 of the Companies Act, 2013 read with the relevant Rules. In such an Event, Votes cast under poll taken together with the votes cast through E-voting and using Ballot form shall be counted for the purpose of passing of resolution(s).

By Order of the Board

Date: 26th May, 2014
Place: Nagpur

(Khushboo A. Pasari)
Company Secretary

Registered office:

11, Zade Layout, Bharat Nagar,
Nagpur - 440 033 (M.S.)
CIN: L74999MH1995PLC085878
Email: investor.relations@solargroup.com
Website: www.solargroup.com

EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

ITEM NO. 3

Shri Kailashchandra Nuwal, who retires by rotation and being eligible, offers himself for re-appointment

As regards re-appointment of retiring director Shri Kailashchandra Nuwal referred to in item No 3, of the Notice, brief resumes of Shri Kailashchandra Nuwal, his nature of expertise in specific functional areas, names of Companies in which he hold directorships/ chairmanship of Board Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges are provided under the heading "Corporate Governance", which forms part of the Annual Report. The Board of Directors recommends his re-appointment.

Except Promoter Directors and key managerial personnel of the Company and their relatives, no other person is concerned or interested in the Resolution set out respectively at Item No 3 of the Notice.

ITEM NO. 5

Re-appointment and fixation of the Terms of Remuneration of Shri Kundan Singh Talesra, Executive Director

Pursuant to provisions of the Section 198, 269, 316, 309 and 310 read with Schedule XIII to the Companies Act, 1956, the company had at its 16th Annual General Meeting held on 10th August, 2011 approved the re-appointment and payment of remuneration to Shri Kundan Singh Talesra, Executive Director, for a period of 3 years.

It is proposed to seek the member's approval for the re-appointment of and remuneration payable to Shri Kundan Singh Talesra, as Whole-time Director, designated as Executive Director, of the Company in terms of the applicable provisions of the Act to hold office for a period of 5 (five) consecutive years beginning from April 1, 2014 to March 31, 2019."

Broad particulars of the terms of re-appointment and remuneration of Shri Kundan Singh Talesra are as under:

1. Period	From 1 st April, 2014 to 31 st March, 2019
2. Remuneration	₹ 2,70,000 Per Month

Perquisites: for this purpose perquisites are classified into three categories A, B and C

Category 'A'

a) Medical Reimbursement
Expenses incurred, including Medical Insurance for self and family subject to a ceiling of one month's basic salary in a year or subject to a maximum of three month's basic salary over the period in three years.

b) Bonus:
As per policies and rules of the Company.

c) Club:
Fees of clubs subject to a maximum of two clubs, admission and life membership fees not being allowed.

d) Personal Accident Insurance/ Term Life Insurance
Premium not exceeding ₹ 5000/- p.a

Category 'B'

a) Company's contribution towards Provident Fund, Superannuation Fund.

b) Gratuity payable shall not exceed half Month's salary for each completed year of service or part thereof.

c) Leave Entitlement: As per Company's Policy

Category 'C'

a) The Company shall provide a car with chauffeur and telephone at the residence. Provisions of the car for use in Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls and use of car for Private purpose shall be billed by the Company

Other allowances, benefits and perquisites admissible as per Rules of the Company, from time to time framed by Nomination and Remuneration Committee.

Shri Kundan Singh Talesra satisfy all the conditions set out in Part-I of Schedule V to the Act as also conditions set out under sub-section (3) of Section 196 of the Act for being eligible for re-appointment. He is not disqualified from being appointed as Directors in terms of Section 164 of the Act.

The above may be treated as a written memorandum setting out the terms of re-appointment of Shri Kundan Singh Talesra under Section 190 of the Act.

Brief resume of Shri Kundan Singh Talesra, nature of his expertise in specific functional areas, names of companies in which he hold directorships and memberships / chairmanships of Board

Committees, shareholding and relationships amongst directors *inter-se* as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are provided in the Corporate Governance Report forming part of the Annual Report.

Shri Kundan Singh Talesra is interested in the resolution set out respectively at Item No. 5 of the Notice, which pertain to his re-appointment and remuneration payable to him.

None of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in this resolution.

The Board recommends the Ordinary Resolution set out at Item No.5 of the Notice for approval by the shareholders.

ITEM NO. 6

Re-appointment and fixation of the Terms of Remuneration of Shri Roomie Dara Vakil, Executive Director

Pursuant to provisions of the Section 198, 269, 316, 309 and 310 read with Schedule XIII to the Companies Act, 1956, the Company had at its 16th Annual General Meeting held on 10th August, 2011 approved the re-appointment and payment of remuneration to Shri Roomie Dara Vakil, Executive Director, for a period of 3 years ended.

It is proposed to seek the member's approval for the re-appointment of and remuneration payable to Shri Roomie Dara Vakil, as Whole-time Director, designated as Executive Director, of the Company in terms of the applicable provisions of the Act to hold office for 3 (Years) consecutive years beginning from April 1, 2014 to March 31, 2017."

Broad particulars of the terms of re-appointment and remuneration of Shri Roomie Dara Vakil are as under:

1. Period	From 1 st April, 2014 to 31 st March, 2017
2. Remuneration	₹ 2,00,000 per month

Perquisites: for this purpose perquisites are classified into three categories A,B and C

Category 'A'

a) Medical Reimbursement

Expenses incurred, including Medical Insurance for self and family subject to a ceiling of one month's basic salary in a year or subject to a maximum of three month's basic salary over the period in three years.

b) Bonus:

As per policies and rules of the Company.

c) Club:

Fees of clubs subject to a maximum of two clubs, admission and life membership fees not being allowed.

d) Personal Accident Insurance/ Term Life Insurance

Premium not exceeding ₹ 5000/- p.a

Category 'B'

a) Company's contribution towards Provident Fund, Superannuation Fund.

b) Gratuity payable shall not exceed half Month's salary for each completed year of service or part thereof.

c) Leave Entitlement: As per Company's Policy

Category 'C'

a) The Company shall provide a car with chauffer and telephone at the residence. Provisions of the car for use in Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls and use of car for Private purpose shall be billed by the Company

Other allowances, benefits and perquisites admissible as per Rules of the Company, from time to time framed by Nomination and Remuneration Committee.

Shri Roomie Dara Vakil satisfy all the conditions set out in Part-I of Schedule V to the Act as also conditions set out under sub-section (3) of Section 196 of the Act for being eligible for re-appointment. He is not disqualified from being appointed as Director in terms of Section 164 of the Act.

The above may be treated as a written memorandum setting out the terms of re-appointment of Shri Roomie Dara Vakil under Section 190 of the Act.

Brief resume of Shri Roomie Dara Vakil, nature of his expertise in specific functional areas, names of companies in which he hold directorships and memberships / chairmanships of Board Committees, shareholding and relationships amongst directors *inter-se* as stipulated under Clause 49 of Listing Agreement with the Stock Exchanges, are provided in the Corporate Governance Report forming part of the Annual Report.

Shri Roomie Dara Vakil is interested in the resolution set out respectively at Item No. 6 of the Notice, which pertain to his re-appointment and remuneration payable to him.

None of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in this resolution.

The relevant resolution is proposed as a Special Resolution keeping in view the requirement of Schedule V of the Companies Act, 2013 as per which a person who has attained the age of 70 years is eligible for appointment as a managerial person if his appointment is approved by a Special Resolution passed by the Company in its General Meeting.

The Board recommends the Special Resolution set out at Item No.6 of the Notice for approval by the shareholders.

ITEM NO. 7,8,9,10 and 11

Shri Anant Sagar Awasthi, Shri Dilip Patel, Shri Satish Chandra Gupta, Shri Ajai Nigam, and Shri Amrendra Verma are Independent Directors of the Company .

The Securities and Exchange Board of India (SEBI) has amended Clause 49 of the Listing Agreement *inter alia* stipulating the conditions for the appointment of independent directors by a listed company.

It is proposed to appoint Shri Anant Sagar Awasthi, Shri Dilip Patel, Shri Satish Chandra Gupta, Shri Ajai Nigam and Shri Amrendra Verma as Independent Directors under Section 149 of the Act and Clause 49 of the Listing Agreement to hold office for a period of 5 (five) consecutive years beginning from April 1, 2014 to March 31, 2019.

Shri Anant Sagar Awasthi, Shri Dilip Patel, Shri Satish Chandra Gupta, Shri Ajai Nigam and Shri Amrendra Verma are not disqualified from being appointed as Directors in terms of Section 164 of the Act and have given their consent to act as Directors.

The Company has received declarations from Shri Anant Sagar Awasthi, Shri Dilip Patel, Shri Satish Chandra Gupta, Shri Ajai Nigam and Shri Amrendra Verma that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement.

In the opinion of the Board, Shri Anant Sagar Awasthi, Shri Dilip Patel, Shri Satish Chandra Gupta, Shri Ajai Nigam and Shri Amrendra Verma fulfill the conditions for appointment as Independent Directors as specified in the Act and the Listing Agreement.

Shri Anant Sagar Awasthi, Shri Dilip Patel, Shri Satish Chandra Gupta, Shri Ajai Nigam and Shri Amrendra Verma are independent of the management.

Brief resume of Shri Anant Sagar Awasthi, Shri Dilip Patel, Shri Satish Chandra Gupta, Shri Ajai Nigam and Shri Amrendra Verma, nature of their expertise in specific functional areas and names of companies in which they hold directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors *inter-se* as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are provided in the Corporate Governance Report forming part of this Annual Report.

Copy of the draft letters for respective appointments of Shri Anant Sagar Awasthi, Shri Dilip Patel, Shri Satish Chandra Gupta, Shri Ajai Nigam and Shri Amrendra Verma as Independent Directors setting out the terms and conditions are available for inspection by members at the Registered Office of the Company.

This Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

Shri Anant Sagar Awasthi, Shri Dilip Patel, Shri Satish Chandra Gupta, Shri Ajai Nigam and Shri Amrendra Verma are interested in the resolutions set out respectively at Item Nos.7 to 11 of the Notice with regard to their respective appointments.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in these resolutions.

The Board commends the Ordinary Resolutions set out at Item Nos. 7 to 11 of the Notice for approval by the shareholders.

ITEM NO. 12

The Board, on the recommendation of the Audit Committee, has approved the appointment of Shri Deepak Khanuja, Partner of M/s. Khanuja Patra & Co. as Cost Auditor to conduct the audit of the cost records of the Company for the financial year 2014-15 ending on March 31, 2015 at the Audit Fees of ₹ 75000.

By Order of the Board

Date: 26th May, 2014
Place: Nagpur

(Khushboo A. Pasari)
Company Secretary

Registered office:

11, Zade Layout, Bharat Nagar,
Nagpur - 440 033 (M.S.)
CIN: L74999MH1995PLC085878
Email: investor.relations@solargroup.com
Website: www.solargroup.com

Directors' Report

Dear Shareholders,

Your Directors have great pleasure in presenting the 19th Annual Report on the business and operations of the Company together with the Audited Balance Sheet and Profit & Loss Accounts for the year ended on 31st March, 2014. Since this Report pertains to the Financial Year that commenced prior to 1st April, 2014 the contents there in are governed by the relevant provisions/schedules/rules of the Companies Act, 1956, in compliance with General Circular No. 08/2014 dated 4th April, 2014 issued by Ministry of Corporate Affairs.

FINANCIAL HIGHLIGHTS

(₹ in Lakhs)

PARTICULARS	STANDALONE		CONSOLIDATED	
	2014	2013*	2014	2013*
Net Revenue from Operations	92112.55	90463.24	114411.61	113601.93
Less: Expenditure	78141.35	78807.07	92998.08	93852.17
Operating Profit (PBIDT)	13971.20	11656.17	21413.53	19749.76
Interest	1448.24	1095.76	1785.64	1834.97
Profit before Depreciation & Tax (PBT)	12522.96	10560.41	19627.89	17914.79
Less: Depreciation	1257.36	1031.23	2186.93	1697.47
Profit before Tax & Exceptional item	11265.60	9529.18	17440.96	16217.32
Less: Exceptional item	1000.14	1000.14	1000.14	1001.86
Profit before Tax	10265.46	8529.04	16440.82	15215.46
Less: Provision for Taxation	1881.04	947.49	3490.38	2572.25
Profit after Tax	8384.42	7581.55	12950.44	12643.21
Share of profit transfer to minority	-	-	1106.29	1013.98
Stock Reserve	-	-	28.50	417.81
Balance brought forward	12251.45	8855.85	21251.62	15684.18
Balance available for appropriation	20635.87	16437.40	33124.27	27731.22
Appropriation:				
Interim Dividend	904.90	904.90	886.68	904.90
Proposed Dividend	1266.86	1085.88	1266.86	1085.88
Tax On Dividend	217.24	195.17	284.54	331.45
Adjustment of Taxes	-	-	-	157.37
General Reserve	2500.00	2000.00	4500.00	4000.00
Balance Profit Carried To Balance Sheet	15746.87	12251.45	26186.19	21251.62
Earning Per Share (EPS)	46.33	42.68	65.44	65.47

* Previous year figures have been regrouped & rearranged wherever necessary.

RESULTS OF OPERATION

Standalone Reaching

- During the financial year ending on 31st March, 2014 the Company achieved turnover of ₹ 98551.23 Lakhs as against turnover of ₹ 96959.33 Lakhs achieved during the previous year, which is a moderate increase in turnover by 1.64 %.
- The Profit After Tax (PAT) for the financial year 2013-14 is ₹ 8384.42 Lakhs against ₹ 7581.55 Lakhs in the previous year 2012-13.
- Profit before Interest, Depreciation, Amortisation, Exceptional Items & Tax stood at ₹ 13971.20 as against ₹ 11656.17 Lakhs in the previous year.
- Earnings Per Share as on 31st March, 2014 is ₹ 46.33 against ₹ 42.68 as on 31st March, 2013.
- The net worth of the Company has increased and stands at ₹ 45559.38 Lakhs for the fiscal year 2013-14 from ₹ 39563.96 Lakhs of the previous fiscal year 2012-13.

Consolidated Reaching

- During the financial year ending on 31st March, 2014 the Company achieved turnover of ₹ 122377.53 Lakhs as against turnover of ₹ 121520.17 Lakhs achieved during the previous year, which is a moderate increase in turnover by 0.71%.
- The Profit After Tax (PAT) after transferring the share of profit of Minority Interest for the financial year 2013-14 is ₹ 11844.15 Lakhs against previous year ₹ 11629.23 Lakhs in 2012-13.
- Profit before Interest, Depreciation, Amortisation, Exceptional Items & Tax stood at ₹ 21413.53 Lakhs as against ₹ 19749.76 Lakhs in the previous year.
- Earnings Per Share as on 31st March, 2014 is ₹ 65.44 vis a vis against ₹ 65.47 as on 31st March, 2013.
- The Net Worth of the Company has increased and stands at ₹ 66157.41 Lakhs in the fiscal year 2014 from ₹ 57270.40 Lakhs of the previous fiscal year.

LEVERAGING TECHNOLOGY OF SOVEREIGN DEFENCE

As per Stockholm International Peace Research Institute (SIPRI) report, India is the world's largest arms importer. Its arms import is estimated to be more than three times of what its neighboring countries are importing. Over the last five years, India's share in total global arms import has doubled from 7% to 14%. Even the Government of India had announced its focused topmost attention on security of the country and had allocated a composite sum of INR 224 Thousand Crores towards the Defence Sector. The Indian Government had further given signs and intention to liberate and reduce the dependency upon imports by developing and manufacturing indigenously.

Taking cognizance of this huge opportunity, your company has already started exploring the growth opportunity in Defence Sector. The company had already been granted the licence to manufacture HMX specifically used as major explosive components used in manufacturing of warheads. A state-of-the-art plant to manufacture HMX and Composite Propellants has already been completed.

AUDIT COMMITTEE:

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

Name	Designation
Shri Anant Sagar Awasthi	Chairman
Shri Satish Chandra Gupta	Member
Shri Dilip Patel	Member
Shri Manish Nuwal	Member
Smt Khushboo Pasari	Secretary

APPROPRIATIONS:

Dividend:

Summary of Final Dividend declared by the Company in the year 2013 and recommended for the 2014 are given below:

Your Directors recommend a final Dividend of 70% (₹ 7/- per equity share of ₹ 10/- each) to be appropriated from the profits of the year 2013-14, subject to the approval of the shareholders at the ensuing Annual General Meeting. The Dividend will be paid in compliance with applicable regulations.

Pursuant to the approval of Board of Directors on October 28, 2013, your company had distributed an interim dividend of ₹ 5/- per share, of face value of ₹ 10/- each.

The total dividend for the year ended on March 31, 2014 would accordingly be ₹ 12 per Equity share (120% of face value) as against the total dividend of ₹ 11 per Equity share (110% of face value) for the year ended on March 31, 2013. The total outgo due to Dividend of the Company was ₹ 2438.08 Lakhs, including dividend distribution tax as against ₹ 2322.23 Lakhs in the previous year. The Dividend payout Ratio of your Company is 20.58%.

TRANSFERS TO RESERVES:

The Company proposes has transferred ₹ 4500.00 Lakhs to the general reserve out of the amount available for appropriations and an amount of ₹ 26186.19 Lakhs is proposed to be retained in the statement of profit and loss.

CREDIT RATINGS:

CRISIL has re-affirmed its ratings of AA-/Positive for Long Term Borrowings to the of Solar Industries India Ltd (SIIIL). The ratings reflect SIIIL'S strong market position, good operating efficiencies (backed by prudent raw material procurement policies and backward integration), and strong debt protection measures. To arrive at its ratings, CRISIL has combined SIIIL'S financial and business profiles with those of its subsidiaries.

In addition to long Term rating, CRISIL has also assigned **A1+** (Reaffirmed) rating to SIIIL for Short Term Borrowings.

DIRECTORS:

Director's Retiring by Rotation

In terms of Articles of Association of the Company and as per Section 152(6) of the Companies Act, 2013 provides that 2/3rd of the Board of Directors is considered to be Directors liable to retire by rotation, of which 1/3rd shall retire at every Annual General Meeting of the Company as per Section 152(6) (e) of the Companies Act, 2013 and the Company shall have an option to re-appoint the retiring Director or appoint someone else in his place. As per the new regime, Independent Directors does not have to retire by rotation.

(₹ in Lakhs)

Final Dividend for the Year	Rate of Dividend	Amount of Dividend	Dividend Distribution tax	Total Outflow
2013	60 %	1085.88	184.54	1270.42
2014 (if approved by members)	70%	1266.86	215.30	1484.10

In pursuance to the new regime, this year only Shri Kailashchandra Nuwal who, retires by rotation and being eligible offer himself for re-appointment at this Annual General Meeting.

The Boards of Directors recommends his re-appointment for consideration of the Shareholders.

The brief resumes and other details relating to who is proposed to be re-appointed, as required to be disclosed under Clause 49 of the Listing Agreement, forms integral part of this Report.

DIRECTOR'S APPOINTMENT

Non-Executive Independent Directors

Pursuant to provisions of Sections 149(4) of Companies Act, 2013 every listed Company is required to appoint at least one third of its Directors as independent Directors. The Board already has half of its Directors in the category of Non-Executive Independent Directors in terms of Clause 49 of the Listing Agreement. The Board therefore in its meeting held on 26th May, 2014 appointed the existing independent Directors under clause 49 as Independent Directors pursuant to Companies Act, 2013 subject to approval of shareholders.

In accordance with the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement appointment of all the independent Directors namely Shri Anant Sagar Awasthi, Shri Dilip Patel, Shri Satish Chandra Gupta, Shri Ajai Nigam and Shri Amrendra Verma is now put up for approval of members at the ensuing Annual General meeting.

Necessary details in terms of section 102(1) of the Companies Act, 2013 forms integral part of this Report.

The independent directors have submitted the declaration of independence, as required pursuant to section 149(7) of the Companies Act, 2013 stating that they meet the criteria of independence as provided in sub-section(6).

With the appointment of independent directors, the conditions specified in the Act and the Rules made thereunder as also under new clause 49 of the listing agreement stand complied.

Executive Directors

In accordance with the provisions of Sections 2(94), 196, 197, 198 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement Shri Kundan Singh Talesra have been appointed as Executive Director of the Company to hold office for a period of 5 (Five) consecutive years and Shri Roomie Dara Vakil have been appointed as Executive Director of the Company to hold office for 3 (Three) consecutive years from the date of their respective appointment. Shri Kundan Singh Talesra will not be liable to retire by rotation while Shri Roomie Dara Vakil will be liable to retire by rotation.

The Company has received requisite notice in writing from members proposing the candidature of Shri Kundansingh Talesra and Shri Roomie Dara Vakil for re-appointment as Executives Directors.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Companies Act, 2013 notified section 135 of the Act concerning Corporate Social Responsibility alongwith the Rules thereunder and revised Schedule VII to the Act on 27th February, 2014 and other amendments to Schedule VII to come into effect from 1st April, 2014.

The Company being covered under the provisions of the said section, has taken necessary initial steps in this regard. A Committee of the directors, titled 'Corporate Social Responsibility Committee', has been formed by the Board in its meeting held on 26th May, 2014, consisting of the following:

Name	Designation
Shri Satyanarayan Nuwal	Chairman
Shri Manish Nuwal	Member
Shri Ajai Nigam	Member
Mrs. Khushboo Pasari	Secretary

The said Committee has been entrusted with the responsibility of formulating and recommending to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, monitoring the implementation of the framework of the CSR Policy and recommending the amount to be spent on CSR activities.

AUDITORS AND THEIR OBSERVATIONS

Pursuant to the provisions of section 139 of the Companies Act, 2013 and the Rules made there under, the current auditors of the Company, M/s Gandhi Rathi & Co. Chartered Accountants are eligible to hold the office for a period of three years until the conclusion of the 22nd Annual General Meeting.

M/s Gandhi Rathi & Co. Chartered Accountants, Statutory Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received letters from the Auditors to the effect that their re-appointment, if made, would be within the prescribed limits under Section 141(3)(g) of the Companies Act, 2013 and that they are not disqualified for reappointment.

The Notes on Financial Statements referred to in the Auditors' Report are self-explanatory and do not call for any further comments.

COST AUDITORS

The Company has appointed Mr. Deepak Khanuja, Partner of Khanuja Patra & Associates, Nagpur to act as cost auditor for conducting the audit of cost records of the Company for the financial year 2013-14.

SECRETARIAL AUDITOR

The Board of Directors of the Company appointed Shri Anant B. Khamankar, Practising Company Secretary, to conduct the Secretarial Audit as per Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 prescribed under Section 204 of the Companies Act, 2013 for the financial year 2014-2015.

PARTICULARS OF EMPLOYEES:

The Ministry of Corporate Affairs has vide notification dated 31st March, 2011 enhanced the limits for the purpose of disclosure of particulars of employees in the Directors Report as requisite under section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Amendment Rules, 2011.

The Company is having Employees whose information in accordance with the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, amended as Companies (Particulars of Employees) Amendment Rules, 2011 are to be given.

However, pursuant to the provisions of Section 219(1)(b) (iv) of the Companies Act, 1956, the Report and Accounts are being sent to the Members excluding the statement of particulars of employees. Any Member may obtain a copy of the said statement

by writing to the Company Secretary at the registered office of the Company.

SUBSIDIARY OPERATIONS:

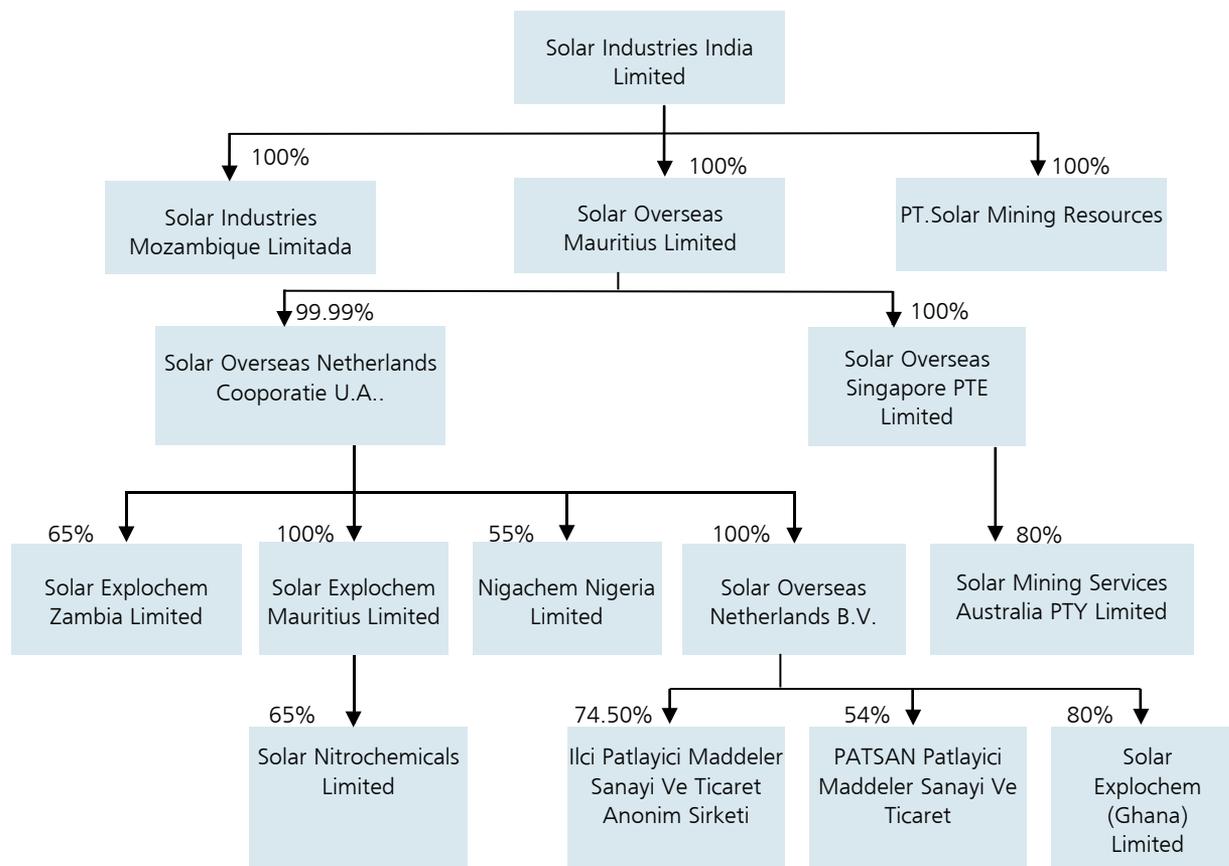
During the year under review Solar Industries India Limited has increased its holding from 51% to 100% in Solar Mines and Minerals Limited.

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

SUBSIDIARIES FINANCIAL STATEMENT

The Ministry of Corporate Affairs (MCA) by General Circular No. 2/2011 dated February 8, 2011, had granted an exemption to companies from complying with Section 212 of the Companies Act, 1956, provided such companies fulfill conditions mentioned in the said circular. Accordingly, the Board of Directors of your Company at its meeting held on May 26, 2014, approved the Audited Consolidated Financial Statements for the financial year 2013-14 which includes financial information of all its subsidiaries, and forms part of this report.

CURRENT HOLDING STRUCTURE OF SOLAR INDUSTRIES INDIA LIMITED



The Consolidated Financial Statements of your Company for the financial year 2013-14, have been prepared in compliance with applicable Accounting Standards and Listing Agreement requirement as prescribed by the Securities and Exchange Board of India.

The annual accounts and financial statements of the subsidiary companies of your Company and related detailed information shall be made available to members on request and are open for inspection at the Registered Office of your Company. Your Company has complied with all the conditions as stated in the circular and accordingly has not attached the financial statements of its subsidiary Companies for the financial year 2013-14. A statement of summarized financials of all subsidiaries of your Company including capital, reserves, total assets, total liabilities, details of investment, turnover, etc., pursuant to the General Circular issued by the Ministry of Corporate Affairs, forms part of this report.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS:

Management is responsible for the preparation of the Consolidated Financial Statements and related information that are presented in this report. The Board of Directors of your Company at its meeting held on May 26, 2014, approved the Audited Consolidated Financial Statements for the financial year 2013-14 and its subsidiaries in accordance with Clause 32 of Listing Agreement with the Stock Exchanges and Accounting Standard (AS-21) and other Accounting Standards issued by the Institute of Chartered Accountants of India. The Consolidated Financial Statements of your Company for the financial year 2013-14, are prepared in compliance with applicable Accounting Standards based on management's estimates, assumptions and judgments where applicable as well as Listing Agreement as prescribed by the Securities and Exchange Board of India.

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

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

SOLAR'S CORPORATE GOVERNANCE PHILOSOPHY:

Corporate Governance philosophy of the Company is based on the principles of equity, fairness, transparency, spirit of law and honest communication. The Company believes that sound Corporate Governance is necessary to retain stakeholder's trust and ensures efficient working and proper conduct of the business of the Company with integrity. Development of Corporate Governance guidelines is a continuous process which evolves over

a period of time and undergoes changes to suit the changing times and needs of the business, society and the nation.

Your Company has implemented the conditions of Corporate Governance as contained in Clause 49 of the Listing Agreement with the Stock Exchanges. A separate report on Corporate Governance and Management Discussion and Analysis along with necessary certificates is given elsewhere in this report. Also certificate taken from M/s Gandhi Rathi & Co. Chartered Accountants, Nagpur, Statutory Auditors of the Company, confirming compliance of the conditions of Corporate Governance as stipulated under clause 49 of the Listing Agreement, is annexed to this report.

TRANSFER OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND

Pursuant to Sections 205A(5) and 205C of Companies Act, 1956; the relevant amounts which have remained unclaimed and unpaid for a period of seven years from the date they became due for payment have been transferred to the Investor Education and Protection Fund (IEPF) administered by the Central Government .

Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on September 11, 2013 (date of last Annual General Meeting) on the Company's website (www.solargroup.com) and also on the Ministry of Corporate Affairs website.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

A detailed review of operations, performance and future outlook of your Company and its businesses is given in the Management Discussion and Analysis, which forms part of this Report as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange(s) in India.

CEO/CFO CERTIFICATION:

As required under Clause 49(V) of the Listing Agreement, the CEO/CFO certification is attached with the annual report.

COMPLIANCE

Your company had framed the policies and developed the work culture wherein the work of the company is performed in such a way that the internal check mechanism ensures that the work of the company is done correctly and timely. The company's internal auditor also periodically conducts the internal audit and make ensure that all the compliance are being done and reports to the management of the company, in case of any variance. Your company also arranges and organises for the internal and external training facilities and update the knowledge of the personnel in line with all amendments / new regime that are being made applicable to your company. Lastly, your company is also reviewing the scope by improving on the system of MIS Reports, which further adds to the assurance of timely compliance of all the laws applicable to the company."

DIRECTOR'S RESPONSIBILITY STATEMENT:

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

- i. In the preparation of the annual accounts of the Company for the year ended March 31, 2014, the applicable Accounting Standards had been followed and there are no departures.
- ii. Accounting policies have been selected and applied consistently and judgments and estimates made that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period.
- iii. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of this act for safeguarding the assets of the Company and detecting fraud and other irregularities.
- iv. Annual accounts for the year ended March 31, 2014 have been prepared on a going concern basis.

APPRECIATION & ACKNOWLEDGEMENT

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

Your Directors place on record their appreciation for the overwhelming co-operation and assistance received from the investors, customers, business associates, bankers, vendors, as well as regulatory and governmental authorities. Your Directors also thanks the employees at all levels, who through their dedication, co-operation, support and smart work have enabled the company to achieve a moderate growth and is determined to poise a rapid and remarkable growth in the year to come.

For and on behalf of the Board

Place: Nagpur

Date : May 26, 2014

(Satyanarayan Nuwal)

Chairman

Annexure 1- Forming Part of the Directors' Report

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

A. CONSERVATION OF ENERGY

The Company has always been a forerunner in conservation of energy and natural resources. All manufacturing processes and products are designed for minimising carbon footprints and are being continuously upgraded to consistently achieve in this goal. The Company has a distinction of having all its plants certified for ISO 14000 and 18000 which is a culmination of our sustained efforts and our policy of protecting environment and natural resources.

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

The effluents are treated in the Effluent Treatment Plants and the treated water is used for gardening and used in the process wherever possible. We almost achieved zero discharge level.

The Company has given a Mandate for fresh energy audit as well. Further action will be taken in next Financial Year.

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

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO Form "A"

CONSERVATION OF ENERGY		2013-14	2012-13
1.	POWER AND FUEL CONSUMPTION		
	ELECTRICITY		
(a)	Purchase unit (in Kwh.)	6810925 Unit	6575426 Unit
	Total Amount (in ₹)	50829388	51449505
	Rate/Unit (in per Kwh.)	7.46 Per unit	7.82 Per Unit
(b)	Own Generation		
(i)	Through diesel Generator (in Kwh)	265790 Units	407490 Units
	Total Amount (in ₹)	4014541	5196805
	Average Rate	15.10 per unit	12.75 per Unit
(ii)	Through steam Turbine/Generator unit	N.A.	N.A.
	Units/Litre of fuel/oil Gas Cost/Unit		
2.	COAL/SOLID FUEL		
	Quantity M.T.	9236.53	7756.947
	Total Cost	46260194	37767592
	Average rate/ MT.	5008.40	4868.87
3.	FURNACE OIL		
	Quantity (LTR).	115158	95094
	Total Cost	4859980	4020917
	Average rate/ (LTR)	42.20	42.28

Form "B"

A. RESEARCH AND DEVELOPMENT (R & D)

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

- Our R & D activities run parallel to the activities in our principal areas of operation.
- Electronic Detonators.
- Products for Defence application.
- Bulk Explosives for tunneling operations.
- Safety enhancements in Processes and Products. Quality improvements in packaged Explosives and Accessories.
- Improving packaging standards, enhancing shelf life of packaged Explosives and Accessories.
- Process efficiency in Packaged, Bulk Explosives and Accessories.
- Shock Tube for non electric detonator.

(b) Benefits derived as results of above:

- Improved safety compliance and enhanced environment protection.
- Introduced value added products for Seismic application.
- Helped in backward integration in the Company's major products.
- Modification of existing process for some of the products and savings in cost of production.
- R & D has benefited in improving the quality of Packaged, Bulk Explosives and delay timings of detonators.
- Introduced products for defence application.
- Introduced Multilayer Shock Tube for Special application.

(c) Future plan of action:

- Introducing new products for different application in Defence Sector.
- Tracking and traceability of Finished Goods.
- Develop substitute eco-friendly chemicals to eliminate hazardous chemicals in the processes.
- Improving Quality and Shop-floor safety of Packaged Explosives and Detonators.

(d) Expenditure on R&D:

(₹ in Lakhs)

Particulars	2013-14	2012-13
a. Capital	711.73	950.49
b. Recurring	270.75	274.63
c. Total	982.48	1225.12
d. R&D Expenditure percentage of Turnover	1.00%	1.28%

B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

- **Efforts in Brief** : The Company has full fledged R & D Division engaged in research on new products, processes and study on the existing manufacturing process, optimization of process parameters to improve the product quality, safety and cost saving.
- **Technology** : After successful development of new technology for a product or manufacturing process, it is tested in our specified testing plants before implementing it on regular basis. Most of the existing manufacturing processes and technology has been developed in house and occasionally seeks advice of experts from India as well as from overseas source. The Company is not dependent on any foreign Technology for its existing product line and strives continuously for technology development and absorption for new products.
- **Benefits** : Product quality improvement, reduction production losses, production flexibility and improved safety

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

(₹ in Lakhs)

Particulars	2013-14	2012-13
(a) Earnings in Foreign Exchange		
Export of goods calculated on FOB basis	15977.66	9094.62
(CIF basis value)	17342.71	11163.22
(b) Remittances in Foreign Exchange:		
On account of Bank Interest	813.81	625.67
On account of Sales Commission	252.10	294.33
On account of Ocean Freight	206.30	810.49
On account of Sales Promotion	183.25	157.08
On account of Other Expenses	805.00	446.47

Report on Corporate Governance

INTRODUCTION

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

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

Your Company has complied with all the regulations stipulated by the Securities Exchange Board of India (SEBI) in the Listing Agreement. This chapter, along with chapters on Management Discussion and Analysis and General Shareholder Information, constitutes Solar's Compliance with Clause 49 of the Listing Agreement.

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

SOLAR believes that good Corporate Governance practices ensure ethical and efficient conduct of the affairs of the Company and also help in maximizing value for all its stakeholders like customers, employees and society at large in order to build an environment of trust and confidence among all the constituents.

The Company endeavors to uphold the principles and practices of Corporate Governance to ensure transparency, integrity and accountability in its functioning which are vital to achieve its Vision of being the Energy of India and a Globally Admired Company.

SOLAR recognises that good Corporate Governance is a continuous exercise and reiterates its commitment to pursue highest standards of Corporate Governance in the overall interest of all its stakeholders. For effective implementation of the Corporate Governance practices, SOLAR has a well-defined policy framework inter-alia consisting of the following:

- Code of Conduct for Directors and Senior Management Personnel.
- Code of Conduct for prevention of Insider Trading.
- Enterprise Risk Management Policy.

- Integrity Pact to enhance transparency in business.
- Whistle Blower Policy.
- Conduct, Discipline and Appeal Rules for employees.
- Corporate Social Responsibility / Sustainable development.
- Human Resources Initiative.

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

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

FIRST LAYER GOVERNANCE BY BOARD OF DIRECTORS

COMPOSITION:

Table 1: Composition of Board of Directors as on March 31, 2014

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

Selection of Independent Directors

Considering the skill matrix required for nominating as Independent Director on the Board of Directors of the Company, eminent people having an independent standing in their respective field/profession, and who can effectively contribute to the Company's business and policy decisions are shortlisted by the Human Resources Department and thereon, the Nomination and Remuneration Committee, shall consider and recommend for the appointment, as Independent Directors to the Board of Directors of the Company. The Committee, inter alia, considers qualification, positive attributes, area of expertise and number of Directorships and Memberships held in various committees of other companies by such persons. The Board considers the Committee's recommendation, and takes appropriate decision.

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

Separate Meetings of Independent Directors

In pursuance of the Companies Act, 2013, from 01st April, 2014 and onwards, now as the Independent Directors is statutorily required to meet at least once without the presence

of Executive Directors or management personnel in every financial year. Such meeting will be conducted informally as and when required and desired by Independent Directors to discuss matters pertaining to the Company's affairs and takes appropriate steps to present Independent Directors' views to the Chairman of the Company.

BRIEF RESUME OF DIRECTORS SEEKING RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT.

Particular of Director retiring by rotation, being eligible, proposed for re-appointment:

In pursuance of Section 152(6)(e) of the Companies Act, 2013 read with Articles of Association of the company that at every subsequent Annual General Meeting one-third of the Directors for the time being as are liable to retire by rotation. It is to be noted that under the new provisions of the Companies Act, 2013, Independent Directors shall be exempted from retiring by rotation and hence, only from the remaining composition of Executive Director, Director shall retire by rotation. So, in pursuance of this new regime, in this year Shri Kailashchandra Nandlal Nuwal, who retires by rotation at the ensuing Annual General Meeting and being eligible offer himself for re-appointment. Your Board of Directors also recommends for the re-appointment of Shri Kailashchandra Nandlal Nuwal.

As regards re-appointment of Mr. Kailashchandra Nuwal, following necessary disclosure are made for the information of the members:

A brief profile of Mr. Kailashchandra Nuwal is given below:

Shri Kailashchandra Nandlal Nuwal (DIN 00374378), aged 57 yrs. younger brother of Mr. Satyanarayan Nandlal Nuwal has been associated with the Groups' ventures. He is always been part of Strategic Planning of the Solar group. His instinctive knowledge of market trends has helped the Group retain its leadership position in Explosives used in the infrastructure and mining segment.

His directorships in other public limited companies:

Directorships:

Solar Mines & Minerals Limited
Economic Explosives Limited
Solar Mining Resources Limited
Solar Initiating Systems Limited

His committee positions in public limited companies:

Committee Chairmanships: Nil

Committee Position:

Stakeholders Relationship Committee of Solar Industries India Limited.

Mr. Kailashchandra Nuwal is not disqualified from being appointed as a director in terms of section 164 of the Act.

He holds 35, 40,252 Equity Shares of Face Value of 10/- each in the company as on 31st March 2014.

Particulars of Directors proposed for re-appointment as a Whole-Time Director:

Shri Kundan Singh Talesra (DIN 00168195), Executive Director, aged 69 years has spent more than 40 Years in Explosive Industry in the various positions in technical service, commercial service, development of new products, sales planning, erection and commissioning of Greenfield projects, along with accounts and administration department. For the past 14 years he has been associated with Solar Industries India Limited, responsible for planning, erection, commissioning and there after regular production, quality, administration etc.

His directorships in other public limited companies:

Directorships:

Economic Explosives Limited

His committee positions in public limited companies:

Committee Chairmanships: Nil

Committee Position:

Stakeholders Relationship Committee of Solar Industries India Limited.

He holds 500 Equity Shares of Face Value of 10/- each in the company as on 31st March 2014.

Shri Roomie Dara Vakil (DIN 00180806), aged 72 years, is a Post Graduate in Mining (Geology) from the Osmania University. He joined IDL Industries Limited (now known as Gulf Oil Corporation Limited) in the year 1967 and has held various positions in marketing in its Explosives division. He rose to the level of GM (Marketing) in 1992 and finally as Vice-President (Marketing) in 1996 looking after all aspects of marketing Explosives, Blast Initiation Systems and field technical services. He was head of the corporate personnel department for 3 years from 1986 to 1989 and Chief Executive of the Bitumen Emulsion Division of IDL Industries Limited at Delhi for the period of 2 years from 1989 to 1991.

He was Secretary of Explosives Manufacturers' Association of India for 3 years and finally elected as Chairman of the Explosives Manufacturers Association of India for the period 1997 – 2001. When the Development Panel had been upgraded to Development Council, he was co-opted as a member representing the interest of Manufacturers of Explosives. Currently he is the Chief Marketing Officer at our Company, managing the domestic and international marketing functions.

He does not hold any position as director, committee membership, etc. in any other company as on date.

He holds 10 Equity Shares of Face Value of 10/- each in the company as on 31st March 2014.

Particulars of Non-Executive Directors proposed for re-appointment as a Independent Director:

Detailed profiles of Independent Directors are given below:

Shri Anant Sagar Awasthi (DIN 00228429), aged 73 years, is an MA, LLB and an IAS Officer of the batch of 1965. At the start of his career as an IAS Officer he started with the position as an Assistant Commissioner Sales Tax. At the time of his retirement in the year 2001 he was Director (Higher Education / Special Secretary Education, Government of Delhi. During his career he has hold several posts in the capacity of Joint Director in Departments like Industries, Social Welfare, Food and Civil etc. He also held positions like Director Personnel MCD, Director Public Grievances, Senior General Manager, Delhi State Civil Supply Corporation and S.D.M., Delhi.

His directorships in other public limited companies:

Directorships:

Economic Explosives Limited

His committee positions in public limited companies:

Committee Chairmanships:

Audit Committee, Stakeholders Relationship Committee and Nomination and Remuneration Committee of Solar Industries India Limited.

Committee Position:

Chairman of Audit Committee, Stakeholders Relationship Committee and Nomination and Remuneration Committee of Solar Industries India Limited.

Shareholding in the Company: Nil

Shri Dilip Patel (DIN 00013150), aged 66 years is a chemical engineer from IIT Kanpur, Master's in Financial Management from Bajaj Institute, Mumbai. He was involved in setting up two projects- one at Baroda for Bulk Drugs and the other Explosives near Nagpur in collaboration with Chematur, Sweden.

He has worked with Sicom, a state level financial institution for about 30 years in various capacities, including as general manager for 7 years. His experience involved dealing with projects in all aspects including identification, implementation, financing, revival and rehabilitation etc. He was head of Merchant Banking and Management of equity portfolio incl. direct investments in listed/unlisted companies as well as in primary and secondary markets.

He has also conceptualised privatisation from concept to execution of Sicom, a Govt. of Maharashtra Development Bank.

He is presently engaged as Management Consultant with several companies in enhancing operating performance of companies, both in Manufacturing and services sector.

His directorships in other public limited companies:

Directorships:

Eurotex Industries & Exports Limited
Malladi Drugs & Pharmaceuticals Limited
Incube Advisors Pvt Ltd. - Chairman
Minex Metallurgical Company Ltd.
Godavari Drugs Limited.
Polysat Plastics Private Limited

His committee positions in public limited companies:

Committee Chairmanships:

Audit Committee of Godavari Drugs Ltd.
Audit Committee of Malladi Drugs & Pharmaceuticals Ltd.

Committee Position:

Audit Committee and Nomination and Remuneration Committee of Solar Industries India Limited.

Audit Committee and Shareholders Committee of Godavari Drugs Ltd.

Audit Committee and Remuneration Committee of Malladi Drugs & Pharmaceuticals Ltd.

Shareholding in the Company: Nil

Shri Satish Chandra Gupta (DIN 00025780), aged 69 years is M.Com & CAIIB and former Chairman & Managing Director of Punjab National Bank. He has been a career banker and has put in 41 years of banking service before attaining superannuation on 31st May 2007. His specialization is Credit and Manpower Management. In his career as a banker, he has worked as Credit Officer, Branch Manager, Regional Head, General Manager in-charge of the operations, and later as Executive Director and Chairman For Indian Overseas Bank & Punjab National Bank. He headed the largest Nationalized Bank which is a high point of his career.

In the course of his earlier assignments, deployment of funds to SME and Large Corporate alike was the core area of his operations. In IOB and PNB, he dabbled with Treasury Operations as well apart from Corporate Planning and Manpower Management.

His directorships in other public limited companies:

Directorships:

ISMT Limited
Emmsons International Limited
SMC Wealth Management Services Limited
Brahmaputra Infrastructure Projects Limited
Brahmaputra Infrastructure Limited
Jai Balaji Industries Limited
ORBIT Corporation Limited
Gujarat Foils Limited

His committee positions in public limited companies:

Committee Chairmanships:

Audit Committee of Jai Balaji Industries Limited.

Committee Position:

Audit and Nomination and Remuneration Committee of Solar Industries India Limited.

Audit Committee of Jai Balaji Industries Limited.

Audit and Remuneration Committee of ISMT Limited.
Audit Committee of Brahmaputra Infrastructure Limited.
Audit Committee of Emmsons INT Limited.
Audit Committee of ORBIT Corporation Limited.
Audit Committee of Gujarat Foils Limited.

Shareholding in the Company: Nil

Shri Ajai Nigam (DIN 02820173), Aged 64 years, is M.Sc. (Chem. Engg.) and L.L.B. He retired as Chief Controller of Explosives, Govt. of India, Petroleum & Explosives Safety Organization (PESO) Nagpur and has 34 years of experience in the Department in various capacities. He was also associated with various development activities of PESO including establishment of Fireworks Research & Development Centre at Sivakasi and revamping of new website of PESO. He held the charge of Explosives Testing Station at Gondkhieri, Nagpur from 1992 to 1994. During that period four Laboratories were established at the station and made functional. He acted as a Chairman of various Technical Committees of Govt. of India and also presented 16 papers in various National/ International forums. He has visited USA, UK, Sweden & Germany on important Government assignments.

His directorships in other public limited companies:

Directorship: Nil

His committee positions in public limited companies:

Committee Chairmanships: Nil

Committee Positions:

Corporate Social Responsibility Committee of Solar Industries India Limited.

Shareholding in the Company: Nil

Shri Amrendra Verma (DIN 00236108), Aged 61 years, is an M.A. after completing M.A., he had joined SBI in 1975 as probationary officer. During his career in the Bank, he had shown his expertise in various assignments in India as well as in offices abroad. He has also held the position of GM of International Division. He was the President and COO of SBI Capital Markets Limited. He also headed the bank as Deputy Managing Director Mid Corporate Group, SBI and deputy Managing Director & Chief Credit and Risk Officer, SBI. After superannuation from Bank in December 2011, he served as an Advisor in the Bank till July 2012.

His directorships in other public limited companies:

Directorships:

Security & Intelligence Services (India) Limited.
Adhunik Metals Ltd.
Electro Steels Ltd.

His committee positions in public limited companies:

Committee Chairmanships: Nil

Committee Positions: Nil

Shareholding in the Company: Nil

INFORMATION PROVIDED TO ALL THE MEMBERS OF BOARD OF DIRECTORS

The Board of Directors of the Company plays the primary role in ensuring good governance and functioning of the Company. All statutory and other

significant and material information including information as mentioned in Clause 49 of the Listing Agreement is placed before the Board to enable it to discharge its responsibility of strategic supervision the Company as trustees of the shareholders. The Board also reviews periodically the compliance of all applicable laws. The Members of the Board have complete freedom to express their opinion and decisions are taken after detailed discussion.

The normal business of the Board includes:

- Annual operating plans and budgets, capital budgets, and any updates thereon.
- Quarterly results of the Company.
- Board remuneration policy and individual remuneration packages of Directors.
- Convening a meeting of shareholders of the Company, setting the agenda thereof and ensuring that a satisfactory dialogue with shareholders takes place.
- Declaration / recommendation of dividend.
- Review of functioning of the Board and its Committees.
- Review of functioning of the Subsidiary Companies.
- Annual review of accounts for adoption by shareholders.
- Materially important show cause, demand, prosecution and penalty notices.
- Fatal or serious accidents or dangerous occurrences.
- Any materially significant effluent or pollution problems.
- Any materially relevant default in financial obligations to and by the Company or substantial non-payment for goods sold by the Company.
- Details of any Joint Venture or Collaboration Agreement.
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property.
- Significant labour problems and their proposed solutions.
- Significant development in the human resources and industrial relations front.
- Sale of material nature of investments, subsidiaries, assets, which is not in the normal course of business.
- Quarterly details of foreign exchange exposure and the steps taken by management to limit the risks of adverse exchange rate movement.
- Review of related party transactions.
- Minutes of Board meetings of unlisted subsidiary companies.
- Declaration of Independent Directors at the time of appointment/annually.
- Disclosure of Directors' interest and their shareholding.
- Appointment or removal of the Key Managerial Personnel (KMP) and officers one level below KMP.
- Appointment of Secretarial Auditors.
- Compliance Certificate certifying compliance with all laws as applicable to the Company.
- Reconciliation of Share Capital Audit Report under SEBI (Depositories and Participants) Regulations, 1996.

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

BOARD PROCEDURES

Your Company holds atleast four Board meetings in a year, one in each quarter to review the financial results and other items of the agenda and the gap between the two Board Meetings do not exceed four calendar months. Apart from the four scheduled Board Meetings,

additional Board Meetings are also convened to address the specific requirements of the Company. Urgent matters are also approved by the Board by passing resolutions through circulation. Every Director on the Board is free to suggest any item for inclusion in the agenda for the consideration of the Board.

During the year 2013-14, the Board of Directors met Six times i.e. on April 08, 2013, April 26, 2013, May 27, 2013, August 05, 2013, October 28, 2013, and February 10, 2014. The gap between any two meetings has been less than four months.

ATTENDANCE RECORD OF DIRECTORS

Table 2: Composition of the Board and attendance records of Directors for 2013-2014

Name of the Director	Category	Attendance at	
		Board Meeting	Last AGM
Satyanarayan Nuwal	Chairman and Executive Director	6/6	Yes
Kailashchandra Nuwal	Executive Director	5/6	Yes
Kundan Singh Talesra	Executive Director	6/6	Yes
Roomie Dara Vakil	Executive Director	6/6	Yes
Manish Nuwal	Executive Director	6/6	Yes
Anant Sagar Awasthi	Non-Executive Independent Director	5/6	Yes
Dilip Patel	Non-Executive Independent Director	5/6	--
Satish Chandra Gupta	Non-Executive Independent Director	4/6	--
Ajai Nigam	Non-Executive Independent Director	5/6	Yes
Amrendra Verma	Non-Executive Independent Director	5/6	--

DIRECTORSHIPS AND MEMBERSHIPS OF BOARD COMMITTEES

Table 3 gives the number of outside directorships and committee positions held by directors of the company.

Table 3: Directorships/committee positions as on March 31, 2014

Name of Director	Category	Number of Directorships (including SILL)	Chairmanship in committees of Board (including SILL)	Membership in committees of Board (including SILL)
Satyanarayan Nuwal	Chairman and Executive Director	07	-	-
Kailashchandra Nuwal	Executive Director	05	-	01
Manish Nuwal	Executive Director	06	-	01
Kundansingh Talesra	Executive Director	02	-	01
Roomie Dara Vakil	Executive Director	01	-	-
Anant Sagar Awasthi	Non-Executive Independent Director	02	02	-
Satish Chandra Gupta	Non-Executive Independent Director	09	01	06
Dilip Patel	Non-Executive Independent Director	05	02	02
Ajai Nigam	Non-Executive Independent Director	01	-	-
Amrendra Verma	Non-Executive Independent Director	04	-	-

Notes

- Directorship does not include Private Companies which are not subsidiaries to Public Companies, Section 25 Companies and Foreign Companies.
- Does not include Chairmanship/Membership in Board Committees other than the Audit Committee and Shareholders' Grievance Committee.
- None of the directors were members in more than 10 committees and had not held chairmanship in more than five committees across all companies in which he was a director as on March 31, 2014 and none of them have acquired any disqualification as per Section 164(2)(g) of the Companies Act, 2013.

DIRECTORS SHAREHOLDING

Table 4 provides details of equity shares held by each of the Directors in their individual name as on March 31, 2014.

Table 4: Directors Shareholding

Name	No. of Equity Shares held
Satyanarayan Nuwal	4055787
Kailashchandra Nuwal	3540252
Manish Nuwal	860813
Kundan Singh Talesra	500
Roomie Dara Vakil	10

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

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

CODE OF CONDUCT

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

All board members and senior management personnel have affirmed compliance with the code. The declaration to this effect signed by Chief Executive Officer Shri Kundan Singh Talesra is given in this Annual Report.

SECOND LAYER GOVERNANCE BY SUB COMMITTEES OF BOARD OF DIRECTORS

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

The Company has Four Board-level Committees, namely:

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

AUDIT COMMITTEE

The terms of reference of this Committee are very wide. Beside, having access to all the required information from within the Company, the Committee can obtain external professional advice whenever required. The Committee acts as the link between Statutory and Internal Auditor and the Board of Directors of the Company. It is authorised to select and establish accounting policies, review Reports of the Statutory and the Internal Auditors and meet them to discuss their findings, suggestions and other related matters. The Committee is empowered to, inter alia, review the remuneration payable to the Statutory Auditors and to recommend a change in the Auditors, if felt necessary. It reviews Financial Statements and investment of unlisted subsidiary companies, Management Discussion & Analysis of financial condition and results of operations, material individual transactions with related parties not in normal course of business or which are not on an arm's length basis.

The primary responsibilities of the Audit Committee are to:

- Adopt and review Formal written charter approved by the Board for its self-Governance.
- Supervise the financial reporting process,
- Review the quarterly and annual financial results before placing them to the Board along with related disclosures and filing requirements,
- Review the adequacy of internal controls in the Company, including the plan, scope and performance of the internal audit function,
- Discuss with management the Company's major policies with respect to risk assessment and risk management,
- Hold discussions with statutory auditors on the nature and scope of audits and any views that they have about the financial control and reporting processes,
- Ensure compliance with accounting standards and with listing requirements with respect to the financial statements,
- Recommend the appointment and removal of Statutory auditors and their fees,
- Recommend the appointment and removal of Internal auditors and their fees,
- Recommend the appointment and removal of Cost auditors and their fees,
- Recommend the appointment of Branch auditors and their fees,
- Review the independence of auditors,
- Ensure that adequate safeguards have been taken for legal compliance both for the Company and its other Indian as well as foreign subsidiaries,
- Review of related party transactions.
- Perform other activities consistent with the charter, Company's Memorandum and articles, the Companies Act, 2013 and other governing laws.

The Statutory Auditors, Internal Auditors, Branch Auditors and the Chief Financial Officer of the Company are invited to attend and participate at the meetings of the Committee.

The Chairman of the Audit Committee Shri Anant Sagar Awasthi attended the last Annual General Meeting held on September 11, 2013.

M/s Patel Madan Malpani & Co., M/s Ekbote Deshmukh & Co., M/s B.K Banka & Associates were the firms those performed the Internal Audit function of the Group for the year 2013-2014.

MEETINGS DURING THE YEAR:

The Committee meet five times during the year under review. The Committee meetings were held on April 08, 2013, May 27, 2013, August 05, 2013, October 28, 2013 & February 10, 2014. The gap between any two meetings has been less than four months.

COMPOSITION AND ATTENDANCE

The attendance at the meeting was as under:

Table 5: Composition and Attendance of Audit Committee as on March 31, 2014

Name of Director	Designation	Number of meetings attended
Shri Anant Sagar Awasthi	Chairman	4/5
Shri Satish Chandra Gupta	Member	3/5
Shri Dilip Patel	Member	4/5
Shri Manish Nuwal	Member	5/5

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

As required under Section 177 of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Members of the Audit Committee possess financial, accounting expertise & exposure.

RISK MANAGEMENT

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

Your company has a well-defined risk management framework in place. Further, your company has established procedures to periodically place before the Board, the risk assessment and minimization procedures being followed by the Company and steps taken by it to mitigate these risks.

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

WHISTLE BLOWER POLICY

The Company promotes ethical behavior in all its business activities and has during the year put in place a mechanism wherein the Employees are free to report illegal or unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct or Corporate Governance policies or any improper activity to the Chairman of the Audit Committee of the company or Chairman of the Company or Corporate Governance Cell. The Whistle Blower Policy has been appropriately communicated within the company. Under the Whistle Blower Policy, the confidentiality of those reporting violations is protected and they are not subject to any discriminatory practices. No personnel have been denied access to the Audit Committee.

MANAGEMENT DEVELOPMENT

The Management's Discussion and Analysis on Company's performance – industry trends and other material changes with respect to the Company and its subsidiaries, wherever applicable forms part of this Annual Report.

NOMINATION AND REMUNERATION COMMITTEE

The Board of Directors has constituted a Remuneration Committee with 3 non-executive Directors of which all 3 are independent including its Chairman on November 26, 2005. The same has been converted into Remuneration and Compensation Committee in the year 2011-12. This was a non-mandatory requirement till the year 2013-14, but now as per the Companies Act, 2013, the said Committee has been made mandatory and the Company has renamed the existing Committee as "Nomination and Remuneration Committee" and complied with the new regime.

Table 6: Composition of Nomination and Remuneration Committee as on March 31, 2014

Name of Director	Designation
Shri Anant Sagar Awasthi	Chairman
Shri Satish Chandra Gupta	Member
Shri Dilip Patel	Member

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

This Committee has been vested with authority to inter alia recommend nominations for Board Membership, develop and recommend policies with respect to the composition of the Board Commensurate with the size, nature of the business and operations of the Company, establish criteria for selection to the Board with respect to the competencies, qualifications, experiences, track record and integrity and establish Director retirement policies and appropriate succession plans and determining overall remuneration policies of the Company.

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

The Nomination and Remuneration Committee will lay the foundation to the effective functioning of the Board. The primary responsibility of this Committee are to;

1. Identifying potential candidates who are qualified to become Directors and who may be appointed in senior management.
2. Determining the composition of the Board of Directors and the sub-committees of the board.
3. Carry out evaluation of every Director's performance.
4. Formulate the criteria for determining qualifications, positive attributes and independence of a Director.
5. Recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees.
6. To assist the Board's overall responsibility relating to executive compensation and recommend to the Board appropriate compensation packages for Whole-time Directors and Senior Management personnel in such a manner so as to attract and retain the best available personnel for position of substantial responsibility with the Company.
7. Overall responsibility of approving and evaluating the compensation plans, policies and programs for Whole-time Directors and Senior Management.

The Committee was not mandatory, and accordingly meets only as per needs. No meeting was held during the financial year 2013-2014.

REMUNERATION POLICY FOR DIRECTORS

Executive Directors Remuneration: The remuneration package of the Executive Directors is normally decided over period for 3/5 years by the Nomination and Remuneration Committee. The remuneration paid to the Executive Directors during the financial year 2013-2014 is as below:

Table 7: Remuneration paid to Executive Directors during the year 2013-2014

Executive Directors	Relationship with other Directors	Salary (₹ in lakhs)	Commission (₹ in lakhs)	Gratuity (₹ in lakhs)
SatyanarayanNuwal	Brother of K.C Nuwal/Father of Manish Nuwal	60.00	150.00	5.77
KailashchandraNuwal	Brother of S. N Nuwal/ Uncle of Manish Nuwal	60.00	150.00	5.77
Manish Nuwal	Son of S.N Nuwal/ Nephew of K.C Nuwal	60.00	150.00	5.77
Kundan Singh Talesra	_____	21.00	-	2.97
Roomie DaraVakil	_____	22.80	-	1.11

Non-Executive Independent Directors Remuneration:

All the five Non-Executive Independent Directors are, Independent Directors i.e. independent of management and free from any business or other relationship that could materially influence their judgment. All the independent Directors satisfy the criteria of independence as defined under listing agreement with Indian Stock Exchanges.

Non-Executive Independent Directors were paid sitting fees for attending Board and Board Committee Meetings for the year 2013-14

None of the Non-Executive Directors held any shares in the Company.

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

The sitting fees (Remuneration) paid to the Non-Executive Independent Director during the Financial Year 2013-2014 is as below:

Table 8: Remuneration paid to Non-Executive Directors during the year 2013-14

Non-Executive Directors	Sitting Fees (₹)
Anant Sagar Awasthi	170000
Satish Chandra Gupta	140000
Dilip Patel	140000
Ajai Nigam	100000
Amrendra Verma	100000

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

STAKEHOLDERS RELATIONSHIP COMMITTEE

The Board has constituted Stakeholders Relationship Committee in accordance with the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement. The terms of reference of Shareholders' / Investors' Grievance (SIG) Committee was conferred on the Stakeholders Relationship Committee and consequently, the SIG Committee constituted as per the Provisions set out in the Listing Agreement on November 26, 2005 was dissolved.

The terms of reference include –

- The Stakeholders Relationship Committee will consider and resolve the grievances of security holders of the company such as;
 1. Approve transfers, transmissions, issue of duplicate certificates, transpositions; change of names etc. and to do all such acts, deeds, matters and things as connected therein.

2. Review complaints of the shareholders and action taken by the Company. Minutes of meetings of the Shareholders'/Investors' Grievance and Share Transfer Committee are circulated to members of the Committee and the Board.

The Committee comprises of 3 Directors viz. Shri Anant Sagar Awasthi, Shri Kailashchandra Nuwal and Shri Kundan Singh Talesra, out of which Shri Kailashchandra Nuwal and Shri Kundan Singh Talesra are Executive Directors of the Company.

Shri Anant Sagar Awasthi, Non-Executive Director of the Company acts as Chairman of this Committee. The Company Secretary Mrs. Khushboo Pasari acts as the Secretary to the Committee.

The Committee has met 4 times during the year viz on May 27, 2013, August 5, 2013, October 28, 2013, & February 10, 2014. Its composition and attendance is given hereunder:

Table 9: Composition and attendance of Stakeholders Relationship Committee as on March 31, 2014

Name of Director	Capacity	No. of Meetings held	No. of Meetings Attended
Anant Sagar Awasthi	Chairman	4	4
Kailashchandra Nuwal	Member	4	3
Kundan Singh Talesra	Member	4	4

NATURE OF COMPLAINTS AND REDRESSAL STATUS

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

Table 10: Nature of Complaints and redressal status as on March 31, 2014

Sr. No.	Nature of Complaint	Complaints Received	Complaints Processed	Complaints Pending
1.	Non Receipt of Dividend warrant	1	1	0
2.	Non receipt of Annual report	-	-	-
3.	Others	-	-	-

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

With a vision to actively contribute to the social and economic development of the communities in which we operate. In so doing build a better, sustainable way of life for the weaker sections of society and raise the country's human development index. Solar Industries India Limited has constituted Corporate Social Responsibility Committee.

Table 11: Composition of CSR Committee as on 26th May, 2014

Name of Director	Designation
Shri Satyanarayan Nuwal	Chairman
Shri Manish Nuwal	Member
Shri Ajai Nigam	Member

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

COMMITTEE MINUTES

Minutes of all the Committees of the Board are prepared by the Secretary of the Committee, approved by the Chairman of

the Meetings, entered in their respective Minutes Book within stipulated time frame, circulated to the Board in the Agenda for the succeeding meeting and thereon, they are adopted and taken on record.

RECONCILIATION OF SHARE CAPITAL AUDIT

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

DISCLOSURE OF RELATED PARTY TRANSACTIONS

There are no materially significant Related Party Transactions of the Company which have potential conflict with the interests of the Company at large.

THIRD LAYER GOVERNANCE BY SHAREHOLDERS

a) General Body Meetings

Table 12: Information of last three Annual General Meetings (AGMs) held:

Year	Location	Date & Time	Special Resolution
18 th AGM 2013	Hotel Tuli Imperial, Central Bazar, Ramdaspath Nagpur 440010 (M.S.)	September 11, 2013 at 11.30 A.M	None
17 th AGM 2012	Hotel Tuli Imperial, Central Bazar, Ramdaspath Nagpur 440010 (M.S.)	August 11, 2012 at 12.30 P.M.	None
16 th AGM 2011	Hotel Tuli Imperial, Central Bazar, Ramdaspath Nagpur 440010 (M.S.)	August 10, 2011 at 12.30 P.M	None

- b) Whether Special resolutions were put through Postal Ballot last year? **NO**
- c) Are Special resolutions proposed to be put through Postal Ballot this Year? **YES**
During the year under review, the Company has not conducted the postal ballot process.
- d) During the year under review, No Extraordinary General Meeting of the Members of the Company was convened.

Quarterly Results

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

Presentations to Institutional investors or analysts

During 2013-14, presentations made to institutional investors or analysts by Solar Industries India Limited are displayed on the Company's website www.solargroup.com

Company's Corporate Website

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

The Section on investor relations serves to inform the shareholders, by giving complete financial details, shareholding patterns, corporate benefits, information relating to Stock Exchanges, registrars and Share transfer Agents.

Annual Report:

Annual Report containing, inter alia, Audited Annual Accounts, Consolidated Financial Statements, Director's Report,

Auditor's Report and other important information is circulated to members and others entitled thereto. The Management Discussion and Analysis (MD&A) Reports forms part of the Annual Reports and is displayed on the Company's website www.solargroup.com.

Chairman's Communique:

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

Designated Exclusive email-id for investor services :

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

investor.relations@solargroup.com

GENERAL SHAREHOLDER INFORMATION

1. Annual General Meeting

Annual General Meeting for the year 2013-14 is to be held on Thursday the 4th day of September, 2014. The meeting will be conducted at Hotel Tuli Imperial, Central Bazar, Ramdaspath, Nagpur – 440 010, Maharashtra.

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

The last date for receipt of proxy forms by us is September 2, 2014 before 12.30 p.m.

2. Financial Calendar

Our Tentative calendar for declaration of results for the Year 2014-2015 is given below

Table 13: Financial results schedule for the year 2014-2015

Particulars	Tentative Schedule
Financial Reporting for the Quarter ending June 30, 2014	On or before August 15, 2014
Financial Reporting for the Quarter ending September 30, 2014	On or before November 15, 2014
Financial Reporting for the Quarter ending December 31, 2014	On or before February 15, 2014
Financial Reporting for the Year/Quarter ending March 31, 2015	On or before May 30, 2015
Annual General meeting for the Year ending March 31, 2015	September, 2015

For the year ended on March 31, 2014 results were announced on May 26, 2014.

For the Quarter ended on June 30, 2014 results will be announced in August, 2014

3. Dates of Book Closure

August 26, 2014 to September 06, 2014 (both days inclusive).

4. Dividend:

The Board of Directors of the Company has proposed the Final Dividend at 70% for the financial year ended on March 31, 2014 subject to the approval by the shareholders of the Company at the Annual General Meeting.

The payment of dividend, upon declaration by the shareholders at the forthcoming Annual General Meeting, will be made on or after September 12, 2014:

- To all those Beneficiaries holding shares in electronic form, as per the ownership data made available to the company by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as at end of the day on August 25, 2014.
- To all those shareholders holding shares in physical form, after giving effects to all the valid share transfers lodged with the company on or before the closing hours on August 25, 2014.

Shareholders are advised to refer to the notice of the Annual General Meeting for details of action required

to be taken by them in this regard.

The Dividend amount shall be credited in the shareholders bank account directly through NECS. Alternatively physical warrant / Demand Draft shall be posted to the shareholders at their registered address available with the Depository/ Company. The intimation

for credit of dividend amount through NECS shall also be sent to the shareholders through E-mail/ordinary post thereafter.

5. Listing on Stock Exchanges

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

Table 14: Listing Details

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

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

6. Stock Code

Bombay Stock Exchange Limited, Mumbai : 532725
 National Stock Exchange of India Limited, Mumbai : SOLARINDS
 ISIN : INE343H01011

7. Market Price Data

The shares of the Company were listed on NSE and BSE on April 3, 2006 share price data from 01.04.2013 to 31.03.2014 is as follows:

Table 15: Market Price data of Solar Industries India Limited

Market Price Data of BSE & National Stock Exchanges 2013-2014									
MONTH	Bombay Stock Exchange				National Stock Exchange				
	Share Price		Sensex Points		Share Price		S & P Cnx Nifty Points		
	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	
APRIL'2013	970.00	1047.50	18144.22	19622.68	961.00	1042.20	5477.20	5962.30	
MAY'2013	749.00	1029.95	19451.26	20443.62	851.10	1034.00	5910.95	6229.45	
JUNE'2013	875.05	955.00	18467.16	19860.19	875.75	952.50	5566.25	6011.00	
JULY'2013	821.05	966.40	19126.82	20351.06	825.05	967.95	5675.75	6093.35	
AUG'2013	740.65	898.30	17448.71	19569.20	735.10	899.85	5118.85	5808.50	
SEP'2013	760.60	942.05	18166.17	20739.69	750.05	949.00	5318.90	6142.50	
OCT'2013	905.30	1035.00	19264.72	21205.44	881.05	1045.00	5700.95	6309.05	
NOV'2013	815.00	1010.00	20137.67	21321.53	804.00	1009.00	5972.45	6342.95	
DEC'2013	879.00	942.00	20568.70	21483.74	874.95	952.00	6129.95	6415.25	
JAN'2014	863.55	927.00	20343.78	21409.66	850.05	930.05	6027.25	6358.30	
FEB'2014	860.05	981.15	19963.12	21140.51	865.50	929.90	5933.30	6272.80	
MAR'2014	843.00	961.00	20920.98	22467.21	969.95	840.00	6212.25	6730.05	

8. Registrar and Share Transfer Agent

Link Intime India Pvt. Ltd.
 LBS Marg, Bhandup (W),
 Mumbai – 400 078
 Tel: (+91-22) 25963838
 Fax: (+91-22) 25946969
 Website: www.linkintime.co.in
 Email: solar@linkintime.co.in

9. Share Transfer System

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

10. Distribution of shares and shareholding pattern as on March 31, 2014

Table 16: Shareholding pattern as on March 31, 2014

Shareholding of nominal value (₹)	No. of share holders	% of total Number of shareholders	Shares held in each class	
			Nominal Value of shares	% of total
1 – 5000	4770	95.88	2267870	1.3713
5001 – 10000	54	1.09	398030	0.3029
10001 – 20000	55	1.11	845780	0.4720
20001 – 30000	22	0.44	549690	0.3146
30001 – 40000	9	0.18	317820	0.2153
40001 – 50000	3	0.06	139720	0.1358
50001 – 100000	15	0.3	963130	0.4561
100001 – *****	47	0.94	175498070	96.7320
TOTAL	4975	100	180980110	100.00

Table 17: Shareholding Pattern (Category wise) as on March 31, 2014

Sr.No	Category	No. of Shareholders	Total Shares	% Total Share holding
1	Promoters	14	13166417	72.75
2	Resident Individuals(public)	4604	594156	3.28
3	Foreign Institutional Investors	21	213650	1.18
4	Trust	2	200	0
5	Mutual Funds	26	2584830	14.28
6	Clearing Members	37	12200	0.07
7	Other Bodies Corporate	119	827064	4.57
8	Non Resident Indians	150	14526	0
9	Non Nationalised Banks	1	584	0
10	G I C & Its Subsidiaries	1	684384	3.78
	TOTAL	4975	18098011	100

11. Dematerialisation of Shares and liquidity

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

18098011 Ordinary Shares of the Company representing **99.99%** of the Company's share capital is dematerialised.

As per SEBI circular dated April 24, 2009 bearing reference no. SEBI/CFD/DIL/LA/1/2009/24/04 Company opened and maintained separate Unclaimed Securities Suspense Account with LKP Securities Limited, Mumbai to hold allotted shares which were not credited to allottees account during the Initial Public Offer. Table 18 shows the details of such allottees.

In accordance with Clause 5A of Listing Agreement, the Company has identified 4 folios comprising of 134 Equity Shares of face value of Re.10/- each, which are unclaimed as on 31st March, 2014. The Company has sent the reminders to the concerned shareholders in accordance with the said clause.

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

Table 18: Details of shares lying in Demat Escrow Account

Sr. No	APPLNO	Name	DP/CLITID	Allot
1	2272861	CHAMPAKLAL U SANGHVI	13015400000	30
2	5932548	M ANANTHAM	-	30
3	3629081	PRADEEP M SHAH	1302240000026644	37
4	5331319	SAROJ AGARWAL	IN30047672338419	37
		TOTAL		134

The voting rights on the shares in the Suspense Accounts as on March 31, 2014 shall remain frozen till the rightful owner of such shares claims the shares.

Table 19: Major 10 Shareholders as on March 31, 2014 (other than promoters)

Sr No.	Name	Holding	Percentage
1	OMAN INDIA JOINT INVESTMENT FUND	774195	4.28
2	ICICI PRUDENTIAL LIFE INSURANCE COMPANY LTD	684384	3.78
3	HDFC TRUSTEE COMPANY LTD – A/C HDFC MID-CAPOPPRTUNITIES FUND	600000	3.32

Sr No.	Name	Holding	Percentage
4	HDFC TRUSTEE COMPANY LIMITED A/C HDFC GROWTH FUND	421623	2.33
5	BIRLA SUN LIFE TRUSTEE COMPANY PRIVATE LIMITED A/C BIRLA SUN LIFE MIDCAP FUND	353000	1.95
6	HDFC TRUSTEE COMPANY LIMITED – HDFC TAX SAVERFUND	213900	1.18
7	HDFC TRUSTEE COMPANY LIMITED A/C HDFC BALANCED FUND	168000	0.93
8	DSP BLACKROCK MICRO CAP FUND	157996	0.87
9	HDFC TRUSTEE COMPANY LIMITED – HDFC CAPITAL BUILDER FUND	145000	0.8
10	ANUJ SHANTILAL BADIJATE	113417	0.63

12. Plant Locations as on May 26, 2014

Table 20: Plant Locations as on May 26, 2014

Sr. No	Unit	Address	City
1	Solar Industries India Ltd. Chakdoh	Kh No 37-39 & 78-83, Amravati Road, Village-Chakdoh (Bazargaon), Tehsil-Katol	Nagpur, Maharashtra
2	Solar Industries India Ltd. Waidhan Unit-1	Plot No. 32-37, Udyog Deep Ind.Area, , Dist.-Sidhi,	Waidhan , Madhya Pradesh
3	Solar Industries India Ltd. Chandrapur	Survey No.101, Warur Road, Tahsil-Rajura,	Chandrapur, Maharashtra.
4	Solar Industries India Ltd. Korba	Kh. No.5 Village-Mudapur, Tahsil-katgora,	Korba, Chattisgarh.
5	Solar Industries India Ltd. Ramgarh	Plot No. 967 & 1156, Mouza Manua, Tahsil-Ramgarh Cant.,	Hazribagh, Jharkhand.
6	Solar Industries India Ltd. Jharsuguda	MIDC Plot No. B-11, Chandrapur (Tadali) Growth Center,	Tadali, Distt- Chandrapur Maharashtra.
7	Solar Industries India Ltd. Dhanbad	Kandra Industrial Area, plot No. C-32 (p) & C-33 (p),	Dhanbad, Jharkhand.
8	Solar Industries India Ltd. Asansol	Mouza Barapukuria, Plot No. 2/848, P.S.Asansol (North), Tahsil-Asansol,	Burdwan, West Bengal.
9	Solar Industries India Ltd. Talcher	IDCO Plot No.27, Revenue Plot No.48(P), Village Ghontapada Industrial Estate Talcher,	Angul, Orissa.
10	Solar Industries India Ltd. Manendragarh	KH. No.323/2, P.H.No.30, Mauza Chainpur, Tahsil-Manendragarh,	Koria, Chattisgarh.
11	Solar Industries India Ltd. Karimnagar	Survey No.363, Kamanpur (mandal), Village Musthyala (A)	Karimnagar, Andra Pradesh
12	Solar Industries India Ltd. Jharsuguda	Mauza Behrapalli, Plot No: 389 & 392,	Jharsuguda, Orissa
13	Solar Industries India Ltd. Barughuttu	Plot No.380(p), Khata no. 48Mauza Barughuttu	P.O west Bokaro, Dist Ramgarh
14	Solar Industries India Ltd. Waidhan Unit-2	Khasra No.975/2, Ganyari	Dist. Singrauli (M.P)
15	Solar Industries India Ltd. Bhilwara	Khasra No.1459 & 1460, Village Rupaheli	Tahesil Hurda, Dist Bhilwara (Raj.)
16	Solar Industries India Ltd. Umrer	MIDC, Plot No- B-13, Umrer Growth Center, Teh-Umrer	Teh- Umrer, Distt- Nagpur
17	Solar Industries India Ltd. Kothagudem (Work Under Process)	Survey No. 117, Venkatesh Khani, Kothagudem (M),	Dist-Khammam (AP) -507103
18	Solar Industries India Ltd. Kota (Work Under Process)	Kh. No. 132 & 137, Vill-Dingsi, The- Ramganjmandi	Dist- Kota (Rajasthan)
19	Solar Industries India Ltd. Barbil (Work Under Process)	Kh.No.1034,1035,1046/1264, 1046/1265,1046/1035, 1034,1047 & 1048 Vill- Naibaga, The- Jhumpura (Barbil)	Dist- Keonjhar (OR)-758031

13. Voting Through electronic Means

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

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

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

E-Voting shall be open for a period of 3 days, from 29th August, 2014 (10.00 a.m.) to 31st August, 2014 (5.00 p.m.). The Board has appointed Mr. Tushar Pahade of M/s T. S. Pahade & Associates, Practising Company Secretaries as scrutiniser for the e-voting process.

Detailed procedure is given in the Notice of the Annual General Meeting and also placed on the website of the Company.

14. Address for correspondence

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

The Compliance Officer/Company Secretary Solar Industries India Limited

11, Zade Layout, Bharat Nagar, Nagpur - 440 033 (M.S.).

Tel: (0712) 2561000, 2561010, Fax: (0712) 2560202

Email: investor.relations@solargroup.com

CIN:L74999MH1995PLC085878

15. Transfer of unpaid/unclaimed amounts to Investor Education and Protection Fund

During the year under review, the Company has credited ₹3,24,506 to the Investor Education and Protection Fund (IEPF) pursuant to Sections 205 A(5) and 205C of the Companies Act, 1956 read with the Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001.

Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on September 11, 2013 (date of last Annual General Meeting) on the Company's website (www.solargroup.com), as also on the Ministry of Corporate Affairs' website.

FOURTH LAYER GOVERNANCE OF MANAGEMENT PROCESS LISTING AGREEMENT COMPLIANCES

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

COMPLIANCE ON MATTERS RELATED TO CAPITAL MARKETS

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

COMPLIANCE REPORT ON NON-MANDATORY REQUIREMENTS UNDER CLAUSE 49

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

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

2. Shareholders rights

The quarterly, half yearly and yearly results are published in The Economic Times (Mumbai Edition), Financial Express (All Editions) and Loksatta (Nagpur Edition), which are national and local newspaper respectively. These are not sent individually to the shareholders. The Company's results are displayed on the company's web site: www.solargroup.com. We have not send half yearly results to the shareholders in the financial year 2013-14. Your company has been regularly posting information relating to its financial results and other communications on corporate filing and Dissemination Systems viz. www.corpfiling.co.in, the common platform launched by BSE and NSE for electronic filing by listed companies .

3. Audit Qualifications

During the year under review, there is no audit qualification in your Company's financial statements. Your company continues to adopt best practices to ensure regime of unqualified financial statements.

4. Disclosures by the Management

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

5. Code for Prevention of Insider Trading Practices

The company has instituted a comprehensive Code of Conduct for Prevention of Insider Trading for its designated employees, in compliance with Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, as amended from time to time. The Code lays down the guidelines, which advise them on procedures to be followed and disclosures to be made, while dealing with shares of the Company and cautioning them of the severe consequences of violations.

ROLE OF COMPANY SECRETARY IN CORPORATE GOVERNANCE

The Company Secretary plays a key role in ensuring that the Board procedures are followed and regularly reviewed. The Company Secretary ensures that all relevant information, details and documents are made available to the directors and senior management for effective decision making at the meetings. The Company Secretary is primarily responsible to ensure compliance with applicable statutory requirements and is the interface between the management and regulatory authorities for governance matters. All the Directors of the Company have access to the advice and services of the Company Secretary.

CEO/CFO CERTIFICATION

The CEO/CFO of the Company have certified positively to the Board on the matters specified under Clause 49(V) of the Listing Agreement. The said certificate is attached in this Annual Report.

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

The Company obtained the certificate from the auditors of the Company regarding compliance with the provisions relating to the Corporate Governance laid down in Clause 49 of the Listing Agreement with the Stock Exchanges. This report is annexed to the Director's Report for the year 2013-14, and will be sent to the Stock Exchanges along with this Annual Report to be filled by the Company.

Declaration by Chief Executive Officer (CEO)

I, Kundan Singh Talesra, Chief Executive Officer of Solar Industries India Limited hereby confirm pursuant to Clause 49(1) (D) of the Listing Agreement, that:

- The Board of Directors of SILL has laid down a code of conduct for all the Board members and senior management personnel of the Company. The said code of conduct has also been posted on Company's website www.solargroup.com.
- All the Board members and senior management personnel have affirmed their compliance with the said code of conduct for the year ended on March 31, 2014.

For **Solar Industries India Limited**

Place: Nagpur

Date: May 26, 2014

(Kundan Singh Talesra)

Chief Executive Officer

Certificate by Chief Executive Officer (CEO) and Chief Financial Officer (CFO):

We, Kundan Singh Talesra, Chief Executive Officer and Nilesh Panpaliya, Chief Financial Officer of Solar Industries India Limited, certify:

1. That we have reviewed the financial statements and the cash flow statements for the year ended March 31, 2014 and that to the best of our knowledge and belief:
 - These statements do not contain any materially untrue statement nor omit any material fact nor contain statements that might be misleading, and
 - These statements present a true and fair view of the company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
2. That there are, to the best of our knowledge and belief, no transactions entered into by the company during the year, which are fraudulent, illegal or violative of the Company's code of conduct;
3. That we accept responsibility for establishing and maintaining internal controls, we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps that we have or propose to take to rectify the identified deficiencies and
4. That we have informed the auditors and audit committee of:
 - i. significant changes in internal control during the year;
 - ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii. instances of significant fraud of which we have become aware and the involvements therein, if any, of the management or an employee having a significant role in the company's internal control system.

For **Solar Industries India Limited**

Place: Nagpur

Date: May 26, 2014

(Kundan Singh Talesra)

Chief Executive Officer

(Nilesh Panpaliya)

Chief Financial Officer

Certificate by the Auditor's on Corporate Governance

To the Members of

Solar Industries India Limited

We have examined the compliance of conditions of Corporate Governance by Solar Industries India Limited, for the year ended on 31st March, 2014, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreements.

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

For and on behalf of
For Gandhi Rathi & Co.,
Chartered Accountants

(C .N. Rathi)

Partner

M. No. 39895

Firm Reg .No. 103031W

Place: Nagpur

Dated: 26th May, 2014

Independent Auditor's Report

To the Members of
Solar Industries India Ltd.

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **M/s. Solar Industries India Ltd.**, ("the Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year ended and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 (the Act) read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and in accordance with the accounting principles generally accepted in India including Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014.
- (b) in the case of the Profit and Loss Account of the Profit for the year ended on that date.
- (c) in the case of Cash Flow Statement of the cash flows for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

- (a) As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- (b) As required by Section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, the Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards notified under the Act read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013.
 - (e) On the basis of written representations received from directors as on 31st March, 2014 taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31st March, 2014 from being appointed as director under Section 274(1)(g) of the Companies Act.

For Gandhi Rathi & Co.,
Chartered Accountants

(C .N. Rathi)

Partner

M. No. 39895

Firm Reg .No. 103031W

Place: Nagpur

Dated: 26th May, 2014

Annexure referred to in paragraph 3 of the Auditors Report to the members of Solar Industries India Ltd. on the accounts for the year ended 31st March 2014

- i) a) The Company has maintained proper records showing full particulars including quantitative details and location of its fixed assets.
- b) As per the information & explanation given to us, Management has physically verified the fixed assets at reasonable intervals and no material discrepancies are reported to have been observed on such verification as compared to book records.
- c) As per the information and explanation given to us on our enquiries the disposal of assets during the year was not substantial so as to have an impact on the operations of the Company, or affect its going concern.
- ii) a) The inventories of finished goods, work in process, stores, spare parts and raw materials have been physically verified by the Management during the year. In our opinion, the frequency of the verification is reasonable.
- b) In our opinion and according to the information and explanations given to us, the procedure of physical verification of the inventories followed by the Management were found reasonable and adequate in relation the size of the Company and the nature of its business.
- c) In our opinion and according to the information and explanations given to us, the company is maintaining proper records of inventory and the discrepancies noticed on verification between the physical stocks and the book stocks were not material in relation to the operations of the Company.
- iii) a) The Company has granted loan to companies covered in the register maintained under section 301 of the Companies Act, 1956, and the year end balance of loan towards such Companies was ₹ 9835.23 Lakhs. (Including interest free loan of ₹ 9232.33 Lakhs.)
- b) In our opinion, the rate of interest and other terms and conditions of such loans are, prima facie not prejudicial to the interest of the Company.
- c) The principal amounts are repayable over a period of times to five years while interest is payable annually at the discretion of the company.
- d) There is no overdue amount of such loan granted to aforesaid company.
- e) The Company has taken loan from companies covered in the register maintained under section 301 of the Act, and the year end balance of loans taken from such Companies was ₹ 794 Lakhs.
- f) In our opinion, the rate of interest and other terms and conditions of loans taken by the Company are prima facie not prejudicial to the interest of the Company.
- g) The principal amounts are repayable over a period of times to five years while interest is payable annually at the discretion of the company.
- iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and for the sale of goods & services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- v) a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in Sec. 301 of the Act have been entered in the register maintained under that section.
- b) In our opinion and according to the information and explanation given to us, the transactions made in pursuance of such contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of ₹5,00,000 in respect of each party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi) The Company has not accepted fixed deposits from the public Therefore, the provisions of Clause (vi) of paragraph 4 of the Order are not applicable to the Company.
- vii) In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
- viii) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under section 209(1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- ix) a) According to the information and explanations given to us and according to the records of the Company, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education Fund, Income-tax, Sales - tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues with the appropriate authorities. However, there are no arrears of such dues as at the close of the year concerned for a period of more than six months from the date they become payable.

b) Details of dues of Sales tax which have not been deposited as on 31st March,2014 on account of disputes are given below :

Sr. No	Name of the Statute	Nature of the Dues	Amount (₹ in Lakhs)	Period for which the amount relates	Forum where dispute is pending
1.	Central Sales Tax Act,1956 and Sales Tax Acts of various states	Sales Tax/Vat and Entry Tax	114.41	Various years from 2006-07 to 2010-11	Departmental Authorities
			239.55	2009-10	Sales Tax Appellate Tribunal
	Total		353.96		

- x) The Company neither has accumulated losses at the end of the financial year, nor incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution and bank.
- xii) According to the information and explanations given to us the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xiv) The Company has maintained proper records of the transactions and contracts in respect of dealing of trading in shares, securities and other investments and timely entries have been made therein. All shares, securities and other investments have been held by the company in its own name.
- xv) In our opinion, the terms and conditions on which the Company has given guarantees for loans taken by others from banks or financial institutions are not prejudicial to the interest of the Company.
- xvi) According to the information and explanations given to us, term loan availed by the Company were, prima facie, applied by the Company for the purposes for which the loans were obtained.
- xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that the no funds raised on short-term basis have been used for long-term investment.
- xviii) The Company has not made preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956. The provisions of clause 4(xvii) of the order are not applicable to the company.
- xix) No debentures have been issued by the Company to create securities or charge.
- xx) The Company has not raised any money by public issue during the year.
- xxi) During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instances of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of such cases by the Management.

For Gandhi Rathi & Co.
Chartered Accountants
(C.N. Rathi)

Partner

M. No. 39895

Firm Reg. No. 103031W

Place: Nagpur
Dated: 26th May, 2014

Balance Sheet

as at 31st March, 2014

₹ in Lakhs

PARTICULARS	NOTE	As at 31.03.2014	As at 31.03.2013
CAPITAL AND LIABILITIES			
SHARE HOLDERS' FUND			
Share Capital	1	1809.80	1809.80
Reserves and Surplus	2	43749.58	37754.16
		45559.38	39563.96
NON-CURRENT LIABILITIES			
Long -term borrowings	3	5242.13	2590.01
Deferred tax liabilities (net)	4	1720.78	1384.29
Other Long-term liabilities	5	4.30	2.00
Long-term provisions	6	80.80	80.80
		7048.01	4057.10
CURRENT LIABILITIES			
Short-term borrowings	7	17832.52	19172.09
Trade payables	8	3681.93	1683.84
Other current liabilities	9	6965.03	4698.29
Short-term provisions	10	1015.15	1738.60
		29494.63	27292.82
TOTAL		82102.02	70913.88
ASSETS			
NON-CURRENT ASSETS			
Fixed Assets			
Tangible Assets	11	27457.58	23333.25
Capital Work-In-Progress	11A	814.82	1733.45
Non-current investments	12	6706.78	6642.89
Long-term loans and Advances	13	8411.10	9558.06
Other Non current Assets	14	719.29	105.36
		44109.57	41373.01
CURRENT ASSETS			
Current Investments	15	222.09	1441.94
Inventories	16	7058.29	6531.70
Trade receivables	17	14824.59	10492.73
Cash and Bank Balances	18	4015.36	1009.19
Short Term Loans and Advances	19	3634.62	2885.98
Other Current Assets	20	8237.50	7179.33
		37992.45	29540.87
TOTAL		82102.02	70913.88
Significant Accounting Policies			
Notes on Financial Statements	1 to 20		

As per our report of even date attached

For **Gandhi Rathi & Co.**

Chartered Accountants

C.N. Rathi

Partner

M. No. 39895

Firm Reg.No. 103031W

Place : Nagpur

Dated : 26th May, 2014

Khushboo Pasari

Company Secretary

For and on behalf of the Board

S.N. Nuwal

Director

K.S.Talesra

C.E.O

Manish Nuwal

Director

Nilesh Panpaliya

C.F.O.

Statement of Profit & Loss

for the year ended 31st March, 2014

₹ in Lakhs

PARTICULARS	NOTE	2013-14	2012-13
REVENUES			
Revenue From Operations	21	90402.83	88698.76
Other Income	22	1709.72	1764.48
TOTAL REVENUE		92112.55	90463.24
EXPENSES			
Cost of materials consumed	23	48921.98	50902.29
Purchases of Stock in Trade		5087.80	7499.05
Changes in inventories	24	-380.89	-160.71
Employee Benefit Expenses	25	3868.75	3224.46
Finance Costs	26	1448.24	1095.76
Depreciation and amortization expenses		1257.36	1031.23
Other Expenses	27	20643.71	17341.98
TOTAL EXPENSES		80846.95	80934.06
PROFIT BEFORE EXCEPTIONAL ITEMS		11265.60	9529.18
Less: Exceptional Items	28	1000.14	1000.14
Profit before extraordinary item and tax		10265.46	8529.04
PROFIT BEFORE TAX		10265.46	8529.04
Tax Expenses :			
Current Tax		2213.92	1706.47
MAT Credit		-456.22	-674.52
Deferred Tax		336.49	-116.95
Prior Period Taxes		-213.15	32.49
		1881.04	947.49
Profit / (Loss) for the period from continuing operations		8384.42	7581.55
Profit for the year		8384.42	7581.55
Earning per equity share of face value ₹ 10 each		46.33	42.68
Significant Accounting Policies	21 to 36		
Notes to Financial Statements			

As per our report of even date attached

For **Gandhi Rathi & Co.**

Chartered Accountants

C.N. Rathi

Partner

M. No. 39895

Firm Reg.No. 103031W

Place : Nagpur

Dated : 26th May, 2014

Khushboo Pasari
Company Secretary

For and on behalf of the Board

S.N. Nuwal

Director

K.S.Talesra
C.E.O

Manish Nuwal

Director

Nilesh Panpaliya
C.F.O.

Cash Flow Statement

for the year ended on 31st March, 2014

₹ in Lakhs

PARTICULARS	2014	2013
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax	10265.46	8529.05
Adjustments for :		
Depreciation	1257.36	1031.23
Interest & Financial Expense	1448.24	1095.76
Dividend Income	-917.86	-873.66
Interest Income	-133.04	-292.99
Provision For Advances Written Off	1000.14	1000.14
	2654.84	1960.48
Operating Profit before working Capital Changes	12920.30	10489.53
(Increase)/Decrease in Sundry Debtors	-4331.86	-970.34
(Increase)/Decrease in Inventories	-526.60	720.75
(Increase)/Decrease in Current Investment	1219.85	-1170.91
(Increase)/Decrease in Loans & Advances	-748.64	-1826.01
(Increase)/Decrease in Other Current Assets	-1058.15	-1387.06
Increase/(Decrease) in Trade payables	1998.08	-4660.89
Increase/(Decrease) in Other Current Liabilities	999.89	-1026.07
Increase/(Decrease) in Short Term Provision	-723.46	514.64
	-3170.89	-9805.89
Cash Generated from Operations	9749.41	683.64
Income Tax Paid	1757.70	1031.95
Prior period taxes	-213.15	32.49
	1544.55	1064.44
Net Cash from Operating Activities	8204.86	-380.80
B. CASH FLOW FROM INVESTING ACTIVITIES		
Increase in Tangible Assets	-5394.37	-6485.77
Increase in Capital Work-In-Progress	918.62	210.10
Increase in Non-current investment	-63.89	-70.65
Increase in Long-term loans and Advances	1146.96	889.93
Increase in Other Non current Asset	-613.93	113.60
Decrease (+) in Fixed Assets	12.69	8.25
Dividend Income	917.86	873.66
Interest Income	133.04	292.98
Provision For Advances Written Off	-1000.14	-1000.14
Net Cash from Investing Activities	-3943.16	-5168.04

₹ in Lakhs

PARTICULARS	2014	2013
C. CASH FLOW FROM FINANCING ACTIVITIES		
Bank Working Capital Loan	-1339.56	2673.26
Issue of Share Including Share Premium	0.00	7200.01
Increase/(Decrease) in Long Term Borrowing	2652.11	-3062.72
Increase/(Decrease) in Long Term Provisions	0.00	1.08
Increase/(Decrease) in Long Term Liabilities	2.30	-0.06
Interest & Financial Expense	-1448.24	-1095.76
Interim Dividend	-904.90	-904.90
Tax on Interim Dividend	-217.24	-195.18
Net Cash from Financing Activities	-1255.53	4615.73
Net Increase in Cash & Cash equivalents	3006.17	-933.11
Notes :		
1) Cash & Cash equivalents at the beginning of period	1009.19	1942.30
Cash & Cash equivalents at the end of period	4015.36	1009.19
	3006.17	-933.11

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

As per our report of even date attached

For **Gandhi Rathi & Co.**

Chartered Accountants

C.N. Rathi

Partner

M. No. 39895

Firm Reg.No. 103031W

Place : Nagpur

Dated : 26th May, 2014

Khushboo Pasari
Company Secretary

For and on behalf of the Board

S.N. Nuwal

Director

K.S.Talesra

C.E.O

Manish Nuwal

Director

Nilesh Panpaliya

C.F.O.

Significant Accounting Policies

for the year ended 31st March, 2014

A. BASIS OF PREPARATION

The financial statements are prepared under the historical cost convention, except for certain fixed assets which are revalued, in accordance with the generally accepted accounting principles in India (Indian GAAP) and the provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

B. PRESENTATION AND DISCLOSURE OF FINANCIAL STATEMENTS

During the year ended 31 March, 2014, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the company, for preparation and presentation of this financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statement. However, it has significant impact on presentation and disclosures made in the financial statements. The company has also reclassified the previous year figures in accordance with the requirement applicable in the current year.

C. USE OF ESTIMATES

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

D. TANGIBLE FIXED ASSETS

Fixed assets are stated at cost, net of cenvat / value added tax less accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the assets to its working conditions for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, 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 during which such expenses are incurred.

The company adjusts exchange differences arising on translation/settlement of long-term foreign currency monetary items pertaining to the acquisition of depreciable assets to the cost of the asset and depreciates the same over the remaining life of the asset.

Gains or losses arising from derecognition of fixed assets 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 derecognized.

E. DEPRECIATION ON TANGIBLE FIXED ASSETS

Depreciation on fixed assets is calculated on a straight-line basis using the rates prescribed under the Schedule XIV to the Companies Act, 1956. The company has used the following rates to provide depreciation on its fixed assets.

ASSETS	RATES (SLM)
Factory buildings	3.34%
Other buildings	1.63%
Plant and equipment	4.75%
Furniture and fixtures (Office & Factory)	6.33%
Office Equipment	6.33%
Goods Vehicles	11.31%
Other Vehicle	9.5%
Computer	16.21%
Office Building	25.00%

F. BORROWING COSTS

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

G. IMPAIRMENT OF TANGIBLE ASSETS

An asset is treated as impaired when the carrying amount of an asset exceeds its recoverable value and is written down to its recoverable amount. An impairment loss is charged to Profit and Loss Account in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

H. INVESTMENTS

Current investments are carried in the financial statements at lower of cost and quoted/fair value computed category wise. Long-term investments are stated at cost. However,

provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

I. INVENTORIES

Items of inventories are measured at lower of cost and net realisable value after providing for obsolescence, if any. Cost of inventories comprises of cost of purchase, cost of conversion and other costs including manufacturing overheads incurred in bringing them to their respective present location and condition. Cost of raw materials, stores and spares, packing materials, trading and other products are determined on weighted average basis.

J. REVENUE RECOGNITION

Revenue is recognized only when it can be reliably measured and it is reasonable to expect ultimate collection. Revenue from operations includes sale of goods, services, sales tax, service tax, excise duty and sales during trial run period, adjusted for discounts (net) and gain / loss on corresponding hedge contracts. Gross Turnover includes sales tax, service tax and excise duty. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year. Dividend income is recognized when right to receive is established. Interest income is recognized on time proportion basis taking into account the amount outstanding and rate applicable.

Revenues from hire charges for delivery of goods are recognized on delivery of goods.

K. FOREIGN CURRENCY TRANSLATION

Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction or that approximates the actual rate at the date of the transaction.

Monetary items denominated in foreign currencies at the year-end are restated at year end rates. In case of items which are covered by forward exchange contracts, the difference between the year-end rate and rate on the date of the contract is recognised as exchange difference and the premium paid on forward contracts is recognised over the life of the contract.

Non-monetary foreign currency items are carried at cost.

In respect of branches, which are integral foreign operations, all transactions are translated at rates prevailing on the date of transaction or that approximates the actual rate at the date of transaction. Branch monetary assets and liabilities are restated at the year-end rates.

Any income or expense on account of exchange difference either on settlement or on translation is recognised in the Profit and Loss account except in case of long term liabilities, where they relate to acquisition of fixed assets, in which case they are adjusted to the carrying cost of such assets.

L. RETIREMENT AND OTHER EMPLOYEE BENEFITS

Retirement benefit in the form of provided fund is a defined contribution 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.

The company has made provision for gratuity based on 15 days salary for each completed year of service.

M. INCOME TAXES AND DEFERRED TAX

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income-tax Act, 1961. Deferred tax resulting from "timing difference" between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date. Deferred tax asset is recognised and carried forward only to the extent that there is a virtual certainty that the asset will be realised in future.

N. SEGMENT REPORTING

Segment accounting policies are in line with the accounting policies of the Company. In addition, the following specific accounting policies have been followed for segment reporting.

- i) Segment revenue includes sales and other income directly identifiable with / allocable to the segment including inter segment revenue.
- ii) Expenses that are directly identifiable with / allocable to segments are considered for determining the segment result. Expenses which relate to the company as a whole and not allocable to segments are included under "Unallocable Corporate Expenditure"
- iii) Income which relate to the Company as a whole and not allocable to segments is included in "Unallocable Corporate Income"

O. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. There are no potential equity shares as on 31.03.2014 and accordingly the Diluted Earnings per share and Basic Earnings per share will be same.

P. 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 and reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting

date and adjusted to reflect the current best estimates. Where the company expects some or all of a provision to be reimbursed for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expenses relating to any provision is presented in the statement of profit and loss net of any reimbursement.

Q. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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 of a present obligation that is not recognized because it is not probable than an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements. Contingent assets are neither recognized nor disclosed in the Financial Statements.

R. CASH AND CASH EQUIVALENTS

Cash and cash equivalents for the purposes of cash flow statement comprise Balances with bank and Cash in hand.

S. EXCISE DUTY / SERVICE TAX AND SALES TAX / VALUE ADDED TAX

Excise duty / Service tax is accounted on the basis of both, payments made in respect of goods cleared / services provided as also provision made for goods lying in bonded warehouses. Sales tax /Output Value added tax and CST is charged to Profit and Loss account.

T. FINANCIAL DERIVATIVES AND COMMODITY HEDGING TRANSACTIONS

In respect of derivative contracts, premium paid, gains / losses on settlement and losses on restatement are recognised in the

Profit and Loss account except in case where they relate to the acquisition or construction of fixed assets, in which case, they are adjusted to the carrying cost of such assets.

U. CAPITAL WORK-IN-PROCESS

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

V. EXPORT INCENTIVES

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

W. SALES TAX INCENTIVES

The company has earned Sales Tax Incentives under package scheme of 1993 as Sales Tax Deferment. The company is also eligible for the benefits of Industrial Promotion Subsidy Scheme 2007 under Mega Project of government of Maharashtra. The benefits has been recognised on the basis of sanction letter of government authority and adjusted against sales tax through Profit and Loss A/c.

X. INSURANCE CLAIMS

Insurance and other claims to the extent considered recoverable are accounted for in the year of claim based on the amount assessed by the surveyor. However, claim and refunds whose recovery is ascertained with reasonable certainty, are accounted for on acceptance / actual receipt basis.

Y. LEASES

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

Notes on Financial Statements

for the year ended 31st March, 2014

NOTE-1 SHARE CAPITAL

₹ in Lakhs

Particular	As at 31.03.2014	As at 31.03.2013
(a) Authorised Share Capital		
27000000 Equity Shares of ₹ 10/- each	2700.00	2700.00
Issued, Subscribed & Paid up		
18098011 Equity Shares of ₹ 10/- each	1809.80	1809.80
	1809.80	1809.80
Shares issued in last 5 years		
774195 shares at the face value of ₹ 10 each allotted at a premium of ₹ 920 in the year 2012-13		

(b) Details of Shareholders holding more than 5% Equity Shares

Particular	As at 31.03.2014		As at 31.03.2013	
	No. of share	% held	No. of share	% held
Name of Shareholder - Percentage Held				
1 Shri Satyanarayan Nuwal	4055787	22.41	3938098	21.76
2 Shri Kailashchandra Nuwal	3540252	19.56	3470851	19.18
3 Smt Indira Devi Nuwal	1094375	6.05	1094375	6.05
4 Smt. Leela Devi Nuwal	1015188	5.61	1015188	5.61
5 Smt. Sohan Devi Nuwal	929938	5.14	929938	5.14

(c) Reconciliation Statement of Shares Outstanding

Particular	No. of share as at 31.03.2014	No. of share as at 31.03.2013
Number of Shares at the beginning of the year	180.98	173.24
Add: Shares issued during the year		7.74
Number of Shares at the end of the year	180.98	180.98

NOTE-2 RESERVES AND SURPLUS

₹ in Lakhs

Particular	As at 31.03.2014	As at 31.03.2013
CAPITAL RESERVE	428.95	428.95
Security Premium Account		
Opening Balance	14912.93	7790.34
ADD - On issue of Share	0.00	7122.59
Closing Balance	14912.93	14912.93
General Reserve		
Opening Balance	10160.83	8160.83
Add:- Transfer from profit & Loss Account	2500.00	2000.00
Closing Balance	12660.83	10160.83
Surplus in Statement of Profit and Loss		
Opening Balance	12251.45	8855.85
Profit for the year	8384.42	7581.55
Less: Appropriations		
Interim Dividend	904.90	904.90
Proposed dividend on Equity Shares{ Dividend Per share ₹ 7 (PY ₹ 6)}	1266.86	1085.88
Tax on Dividend	217.24	195.17
Transfer to General Reserve	2500.00	2000.00
Closing Balance	15746.87	12251.45
Grand Total	43749.58	37754.16

Notes on Financial Statements

for the year ended 31st March, 2014

NOTE - 3 LONG TERM BORROWINGS

₹ in Lakhs

Particular	As at 31.03.2014	As at 31.03.2013
(a) SECURED		
1.Foreign currency Term Loan From Bank ECB*	5242.13	1396.29
(b) UNSECURED		
From Other		
Loan from Related Party *** (see note no. 29)	0.00	1193.72
	5242.13	2590.01

External Commercial Borrowing from DBS Bank amounting to 10000000 \$ referred to in (1) above are secured by Exclusive charge on the tangible movable & immovable fixed assets. The same is repayable in 8 Equal Semi annual installment Commencing from 28th Feb 2015 and ending on 31st Aug 2018

MATURITY PROFILE				(₹ in Lakhs)*
2015-2016	2016 -2017	2017-2018	2018-2019	
1497.00	1497.00	1497.00	751.00	

NOTE - 4 DEFERRED TAX LIABILITY

₹ in Lakhs

Particular	As at 31.03.2014	As at 31.03.2013
Opening Balance	1384.29	1501.24
Addition during the year	336.49	-116.95
	1720.78	1384.29

NOTE - 5 OTHER LONG-TERM LIABILITIES

₹ in Lakhs

Particular	As at 31.03.2014	As at 31.03.2013
Unpaid dividends	4.30	1.89
Application money received for allotment of securities and due for refund and interest accrued there on	0.00	0.11
	4.30	2.00

NOTE - 6 LONG TERM PROVISIONS

₹ in Lakhs

Particular	As at 31.03.2014	As at 31.03.2013
Provisions for Sales Promotions	80.80	80.80
	80.80	80.80

NOTE - 7 SHORT-TERM BORROWINGS

₹ in Lakhs

Particular	As at 31.03.2014	As at 31.03.2013
SECURED		
Loan From Banks		
Rupee Loan Working Capital #	1990.36	3586.57
Foreign Currency Loan (Working Capital / Packing Credit)#	6709.66	6130.74
TOTAL (A) -	8700.02	9717.31
UNSECURED LOANS		
Rupee Loan Working Capital	2069.84	0.00
Foreign Currency Loan (Working Capital / Packing Credit)	3278.55	0.00
Buyers Credit Foreign Currency Loan From Banks	2990.11	9454.78
TOTAL (B) -	8338.50	9454.78
From Related Party (See Note No. 29)	794.00	0.00
TOTAL (C) -	794.00	0.00
TOTAL (A+B+C) -	17832.52	19172.09

Working Capital loans are secured by hypothecation of entire stocks, raw material, stock in process, finished goods, consumables, stores & spares, book debts, outstanding money receivables, entire current asset of company, claims & bills receivables paripassu second charges on current & future fixed assets.

Notes on Financial Statements

for the year ended 31st March, 2014

NOTE-8 TRADE PAYABLES

₹ in Lakhs

Particular	As at 31.03.2014	As at 31.03.2013
Micro, Small & Medium Enterprises *	380.53	248.04
Related Parties (see note no. 29)	1591.06	900.43
Others	1710.34	535.37
	3681.93	1683.84
* The details of amounts outstanding to Micro , Small & Medium Enterprises based on the available information with the company as under :-		
Principal amount due & remaining unpaid.	-	-
Interest due on above & the unpaid interest	-	-
Interest Paid	-	-
Payment made beyond the appointed date during the year	-	-
Interest due & payable for the period of delay	-	-
Interest accrued & remaining unpaid	-	-
Amt of further interest remaining due & payable in Succeeding years	-	-

NOTE-9 OTHER CURRENT LIABILITIES

₹ in Lakhs

Particular	As at 31.03.2014	As at 31.03.2013
Current Maturities of long term Debt	2289.41	1396.29
Others Payables #	2147.64	1068.92
Creditors for Capital Expenditure	290.18	97.90
Advances received from Customers	858.94	1007.53
Creditors for Transporter & Other	1378.86	1127.65
	6965.03	4698.29
# Other payable includes Statutory dues & Expenses Payable.		

NOTE-10 SHORT TERM PROVISIONS

₹ in Lakhs

Particular	As at 31.03.2014	As at 31.03.2013
Provision for employee benefits	322.98	228.74
Others #	692.17	1509.86
	1015.15	1738.60

The company had recognised liability on the basis of expenses incurred on substantial degree of estimation on sale of goods. Actual cash flow is expected in next Financial Year

Notes on Financial Statements

for the year ended 31st March, 2014

NOTE-11 SCHEDULE OF FIXED ASSETS

₹ in Lakhs

Assets	Gross Block		Additions		Deductions		Gross Block		Depreciation		Deductions On Impairment / Asset Sale		Depreciation		Net Block	
	As On 01.04.2013	As On 31.03.2014	During Period	During Period	During Period	During Period	As On 31.03.2014	As On 31.03.2014	Upto 01.04.2013	During The Period	During The Period	During The Period	Up To 31.03.2014	As On 31.03.2013	As On 31.03.2014	
Land	2292.54	2745.09	452.55	0.00	0.00	0.00	2745.09	0.00	0.00	0.00	0.00	0.00	0.00	2292.54	2745.09	
Plot	285.18	285.18	0.00	0.00	0.00	0.00	285.18	0.00	0.00	0.00	0.00	0.00	0.00	285.18	285.18	
Civil Construction	9296.90	10892.58	1595.68	0.00	0.00	0.00	10892.58	1053.93	318.10	0.00	0.00	1372.03	8242.97	450.69	9520.55	
Office Building	473.83	473.83	0.00	0.00	0.00	0.00	473.83	23.14	1.80	0.00	0.00	24.94	450.69	448.89		
Plant & Machinery	12306.46	15256.50	2966.99	16.95	16.95	16.95	15256.50	2146.09	575.32	8.39	8.39	2713.02	10160.37	12543.48		
Furniture & Fixtures	212.63	355.84	143.21	0.00	0.00	0.00	355.84	60.94	17.87	0.00	0.00	78.81	151.69	277.03		
Office Equipment	575.25	722.92	147.67	0.00	0.00	0.00	722.92	283.72	67.06	0.00	0.00	350.78	291.54	372.14		
Vehicles	2669.73	2742.55	88.29	15.47	15.47	15.47	2742.55	1221.22	277.21	11.34	11.34	1487.09	1448.51	1255.46		
Plantation	9.76	9.76	0.00	0.00	0.00	0.00	9.76	0.00	0.00	0.00	0.00	0.00	9.76	9.76		
	28122.28	33484.25	5394.39	32.42	32.42	32.42	33484.25	4789.04	1257.36	19.73	19.73	6026.67	23333.25	27457.58		

NOTE-11 A. CAPITAL WORK IN PROGRESS

1. Capital Work in Progress includes:

Particular	31.03.2014	31.03.2013
Project Development Expenditure	184.23	217.44
Machinery under Installation	351.22	656.97
Furniture & Fixture under Installation	0.00	107.01
Building Under Construction	264.61	674.18
Vehicle	9.81	77.85
Plantation	4.95	0.00
TOTAL	814.82	1733.45

Notes on Financial Statements

for the year ended 31st March, 2014

NOTE-12 NON- CURRENT INVESTMENTS

₹ in Lakhs

Particular	As at 31.03.2014	As at 31.03.2013
LONG-TERM INVESTMENTS		
(Unquoted equity instruments)-At Cost		
Equity share - 48,00,000 Nos. @ ₹ 30.20 each held in Economic Explosives Ltd	1449.64	1449.64
Equity share - 85000 Nos. @ \$ 100 /- Each @ ₹ 45.67 held in Solar Overseas Mauritius Ltd	3882.21	3882.21
Equity share - 37148 Nos. @ of ₹ 2153.55 each held in Nav Bharat Coalfields Ltd	800.00	800.00
Equity share - 490000 Nos. @ of ₹ 10 each held in SMS Bhatgaon Mines Extension Pvt Ltd	49.00	49.00
Equity share - 490000 Nos. @ of ₹ 10 each held in Solar Bhatgaon Extension Mines Pvt Ltd	49.00	49.00
Equity share - 250000 Nos. @ of ₹ 10 each held in Rainbow Production Ltd	25.00	25.00
Equity share - 110000 Nos. @ of ₹ 10 each held in Ganga Care Hospital Ltd	11.00	11.00
Equity share - 50000 Nos. @ of ₹ 10 each held in Solar Mines & Minerals Ltd	5.00	2.55
Equity share - 50000 Nos. @ of ₹ 10 each held in Solar Mining resources Ltd	5.00	5.00
Equity share - 3700 Nos. @ of ₹ 10 each held in Solar Agro Florestal LDA	0.37	0.37
Equity share - 3700 Nos. @ of ₹ 10 each held in Solar Industries LDA	0.37	0.37
Equity share - 3700 Nos. @ of ₹ 10 each held in Solar Recursos Mineral LDA	0.37	0.37
	6276.96	6274.51
In Mutual Funds		
(Valued at Cost)		
Kotak Private Equity Bond- Growth Fund II	399.61	338.17
	399.61	338.17
Investments in Government or trust securities		
(Valued at Cost)		
NSC	0.30	0.30
	0.30	0.30
Investments in Equity Instruments-Quoted		
(Valued at Cost)		
987 Shares Reliance Industrial Infrastructure Ltd. of ₹ 10/- each	23.90	23.90
5331 Shares Murli Industries Ltd. of ₹ 2/- each	4.29	4.29
2993 Shares Sangam (India) Ltd. of ₹ 10/- each	1.72	1.72
	29.91	29.91
	6706.78	6642.89

Notes on Financial Statements

for the year ended 31st March, 2014

NOTE-13 LONG TERM LOANS AND ADVANCES

Particular	₹ in Lakhs	
	As at 31.03.2014	As at 31.03.2013
Unsecured, considered good		
Capital Advances		
- Others	240.60	492.01
- loans & Advances - Good		
- To, Related Party # (see note no 29)	7833.93	8142.70
- To, Other	50.00	530.83
- Doubtful Advances	2000.29	1000.14
	10124.82	10165.68
Less : Provision for Doubtful Advances	2000.29	1000.14
	8124.53	9165.54
Security Deposit & other Deposit		
- Others	286.57	392.52
	8411.10	9558.06
# Loans & Advances in nature of loans given Subsidiaries & Associates.		
Subsidiaries - ₹ 1152.87		
Associate - ₹ 6681.07		

NOTE-14 OTHER NON CURRENT ASSET

Particular	₹ in Lakhs	
	As at 31.03.2014	As at 31.03.2013
Balances with bank held as margin money or security against borrowing guarantees and other commitments	0.00	80.00
Trade Receivable (Above 12 months)		
- Other	719.29	25.36
	719.29	105.36

NOTE-15 CURRENT INVESTMENTS

Particular	₹ in Lakhs	
	As at 31.03.2014	As at 31.03.2013
In Mutual Funds		
ICICI MUTUAL FUND	0.00	1250.00
Investments in Equity Instruments-Quoted (Valued at Cost)	222.09	191.94
	222.09	1441.94

NOTE-16 INVENTORIES (Valued at weighted average cost basis)

Particular	₹ in Lakhs	
	As at 31.03.2014	As at 31.03.2013
Raw Materials, Packing Materials	4995.48	5117.80
Consumables	849.29	581.27
Stock in Trade -(Traded Goods)	17.52	10.26
Semi Finished Goods	580.53	179.34
Finished Goods	613.88	511.21
Goods In Transit	1.59	131.82
	7058.29	6531.70

Notes on Financial Statements

for the year ended 31st March, 2014

NOTE-17 TRADE RECEIVABLES

₹ in Lakhs

Particular	As at 31.03.2014	As at 31.03.2013
(a) Over 6 Months		
Unsecured Considered Good		
- Related Parties (see note no 29)	1243.42	323.52
- Other	659.78	1031.24
- Doubtful Debts	429.69	214.85
	2332.89	1569.61
Less: Provision for Doubtful Trade Receivables	429.69	214.85
	1903.20	1354.76
(b) Others		
Secured Considered Good		
- Other	837.62	0.00
Unsecured Considered Good		
- Related Parties (see note no. 29)	3388.78	1295.04
- Other	8694.99	7842.93
	14824.59	10492.73

NOTE-18 CASH AND CASH EQUIVALENTS

₹ in Lakhs

Particular	As at 31.03.2014	As at 31.03.2013
Cash and Cash Equivalent		
Balances with Banks:		
In Current Accounts	94.50	62.16
Cash in hand	37.24	31.41
Other Bank Balances		
In Fixed Deposits With Bank *	3883.62	915.62
	4015.36	1009.19
* (i) FDR of ₹ 302.95 lac held as margin money or security against the borrowing & other commitments of less than 12 months period.		

NOTE-19 SHORT TERM LOANS AND ADVANCES

₹ in Lakhs

Particular	As at 31.03.2014	As at 31.03.2013
Unsecured, considered good		
Related parties (see note no 29)	1.02	87.89
Loans & Advances to Employees	33.32	21.79
Advances recoverable in cash or in kind or for value to be received		
Goods Suppliers		
- Other	1217.88	1278.51
- Related Parties (see note no. 29)	5.50	0.00
Other advances	2376.90	1497.79
	3634.62	2885.98

Notes on Financial Statements

for the year ended 31st March, 2014

NOTE-20 OTHER CURRENT ASSETS

₹ in Lakhs

Particular	As at 31.03.2014	As at 31.03.2013
Balance with Revenue Authorities	8215.01	6748.55
Other Receivables	7.38	356.29
Interest Accrued but not due	15.11	74.49
	8237.50	7179.33

NOTE-21 REVENUE

₹ in Lakhs

Particular	Year Ended 31.03.2014	Year Ended 31.03.2013
Sale of products		
Finished goods	91473.43	88543.55
Traded goods	6351.46	8173.51
Other Operating Income	726.34	242.27
	98551.23	96959.33
Less: Excise Duty	8148.40	8260.57
Total	90402.83	88698.76
Details of Sales (Finished goods)		
Explosives / Explosive Accessories	91473.43	88543.55
Details of Sales (Traded goods)		
A.N,Explosives & Other	6351.46	8173.51
Total	97824.89	96717.06

NOTE-22 OTHER INCOME

₹ in Lakhs

Particular	Year Ended 31.03.2014	Year Ended 31.03.2013
Interest Income		
Interest From FDR	69.18	160.47
Income from Bond	90.55	0.00
Income from Subsidiary	568.26	0.00
Interest from Other	63.87	132.51
Dividend Income		
From Subsidiaries	893.50	840.00
From Other	24.36	33.66
Sales tax Incentives	0.00	597.84
	1709.72	1764.48

Notes on Financial Statements

for the year ended 31st March, 2014

NOTE- 23 COST OF MATERIALS CONSUMED

₹ in Lakhs

Particular	Year Ended 31.03.2014	Year Ended 31.03.2013
Raw material consumed		
Opening inventory	4974.94	5879.33
Add : Purchases (net)	45461.58	46903.67
Less : Inventory at the end of the year	4644.29	4974.94
Cost of raw materials consumed during the year	45792.23	47808.06
Packing material consumed		
Opening inventory	151.32	69.57
Add : Purchases (net)	3329.62	3175.98
Less : Inventory at the end of the year	351.19	151.32
Cost of packing materials consumed during the year	3129.75	3094.23
	48921.98	50902.29

NOTE-24 CHANGES IN INVENTORY OF FINISHED GOODS AND WORK IN PROCESS

₹ in Lakhs

Particular	Year Ended 31.03.2014	Year Ended 31.03.2013
(Increase)/decrease in stocks		
Stock at the end of the year:		
Finished Goods	613.88	511.21
Work-in-Process	580.53	179.34
Stock in trade	17.52	10.26
Goods In Transit	1.59	131.82
TOTAL A	1213.52	832.63
Less: Stock at the beginning of the year:		
Finished Goods	511.21	500.92
Work-in-Process	179.34	133.09
Stock in trade	10.26	10.26
Goods In Transit	131.82	27.65
TOTAL B	832.63	671.92
Increase/Decrease in Stocks	-380.89	-160.71

NOTE-25 EMPLOYEE BENEFIT EXPENSES

₹ in Lakhs

Particular	Year Ended 31.03.2014	Year Ended 31.03.2013
Salaries, Wages and Bonus	3554.99	3005.82
Contribution to Provident and Other Funds	116.68	95.69
Gratuity	162.53	83.55
Staff Welfare Expenses	34.55	39.40
	3868.75	3224.46

Notes on Financial Statements

for the year ended 31st March, 2014

NOTE-26 FINANCE COSTS

₹ in Lakhs

Particular	Year Ended 31.03.2014	Year Ended 31.03.2013
Interest Charges	1355.81	870.17
Other Borrowing Costs	92.43	225.59
	1448.24	1095.76

NOTE-27 OTHER EXPENSES

₹ in Lakhs

Particular	Year Ended 31.03.2014	Year Ended 31.03.2013
Sales Tax (Net)*	4229.94	4889.29
Export Expenses	4027.10	2723.95
Loss from Exchange Rate Fluctuation	2361.48	1094.76
Misc. Sales Expenses	1406.98	162.12
Transportation Charges	1118.33	1108.35
Power & Fuel	1117.58	1023.96
Other Expenses	833.79	1046.39
Consumption of Consumables	1008.21	736.69
Remuneration to Directors	673.80	619.20
Bad & Doubtful Debts	626.52	0.00
Discounts and Settlements	591.10	592.74
Sales / Agency Commission	440.69	795.97
Pump Truck Expenses	392.54	356.90
Security Service Charges	337.98	283.95
Travelling Expenses	300.95	280.34
Repairs & Maintenance - Vehicles & Others	255.45	281.72
Provision for Bad & Doubtful Debts	214.85	214.85
Sales Promotion Expenses	199.86	315.21
Repairs & Maintenance - P & M, Electricals	193.35	96.61
Consultancy Charges	169.28	491.74
Insurance Charges	143.93	227.24
	20643.71	17341.98
* Sales Tax Subsidy reduced from Sales Tax		

NOTE-28 EXCEPTIONAL ITEMS

Particular	Year Ended 31.03.2014	Year Ended 31.03.2013
Provision for Advances Written Off	1000.14	1000.14
	1000.14	1000.14

Notes on Financial Statements

for the year ended 31st March, 2014

29 (1) RELATED PARTY DISCLOSURES :-

As Per Accounting Standard 18, the disclosures of transactions with the related parties are given below :-

(I) List of related parties where control exists & related parties with whom transactions have taken place & relationships:-

SR NO.	NAME OF RELATED PARTY
	SUBSIDIARIES :-
1	Economic Explosives Ltd
2	Solar Mines & Minerals Ltd
3	Solar Mining Resources Ltd
4	Navbharat Coalfields Ltd
	OVERSEAS SUBSIDIARIES:-
1	Solar Overseas Mauritius Ltd
2	Solar Explochem Mauritius Ltd
3	Solar Overseas Netherlands Cooperative U.A
4	Solar Overseas Netherlands B.V.
5	ILCI Patlayici Maddeler Sanayi Ve Ticaret Anonim Sirketi
6	PATSAN Pattlayici Maddeler Sanayi Ve Ticaret
7	Solar Overseas Singapore Pte Ltd
8	Solar Nigachem Nigeria Ltd
9	Nigachem Nigeria Ltd
10	Solar Explochem Zambia Ltd
11	Solar Mining Services Australia Pty Ltd

SR NO.	NAME OF RELATED PARTY
12	Solar Nitrochemicals Ltd
13	Solar Industries Mocambique LDA
14	Solar Explochem (Ghana) Ltd
15	P.T. Solar Mining Services
16	Australian Explosive Technologies Group Pty Ltd
	ASSOCIATES:-
1	Solar Synthetics Private Limited
2	Mahakal Infrastructures Pvt Ltd
3	Mahakal Project Pvt Ltd
4	Nagpur Infrastructure Pvt Ltd
5	Solar Bhatgaon Extension Mines Pvt Ltd
6	SMS Bhatgaon Mines Extension Pvt Ltd
7	Bhatgaon Extension Mines Pvt Ltd
8	Bhatgaon Mines Pvt Ltd
9	Solar Initiating Systems Ltd
10	Madanpur North Coalfields Ltd
11	Solar Processors Ltd
	KEY MANAGEMENT PERSONNEL:-
1	Shri S.N. Nuwal
2	Shri K.C. Nuwal
3	Shri Manish Nuwal
4	Shri K.S. Talesra
5	Shri R.D. Vakil

29 (2) TRANSACTIONS DURING THE YEAR WITH THE RELATED PARTIES

(₹ in Lakhs)

NATURE OF TRANSACTIONS	SUBSIDIARY		ASSOCIATES / RELATED CONCERN		KEY MANAGEMENT PERSONNEL	
	2014	2013	2014	2013	2014	2013
Purchase / Material Consumed	6,269.00	3,668.37	5.07	7.41	-	-
Purchase of Fixed Asset	1.67	-	-	-	-	-
Revenue From Operations-(Mfg/Trading sale)	6,736.68	3,777.46	-	-	-	-
Revenue From Operations-(Project Sale)	823.16	-	-	-	-	-
Loan Recd O/S	-	-	794.00	1,193.72	-	-
Loan Given O/S	1153.88	604.93	8,681.35	8,685.12	-	-
Interest (Net)	221.12	29.20	-	14.79	-	-
Remuneration / Consultancy	-	-	-	-	673.80	619.20
Dividend Received	893.50	840.00	-	-	-	-
Technical Consultancy Income	70.27	54.35	-	-	-	-
Balance O/S	3,041.12	743.13	5.50	-	-	-

30) As Per Accounting Standard (AS) 17 on "Segment Reporting", segment information has been provided under the Notes to Consolidated Financial Statements.

31) Research and Development expenses incurred during the year :-

- ₹ 270.75/- Lakhs (Previous year ₹ 274.63 Lakhs) in the nature of revenue expenditure.
- ₹ 711.73/- Lakhs (Previous year ₹ 950.49 Lakhs) in the nature of capital expenditure have been included under the appropriate account heads.

Notes on Financial Statements

for the year ended 31st March, 2014

32) CONTINGENT LIABILITIES & COMMITMENTS :-

Particular	2014	2013
1) In respect of counter guarantees given by bank	5,815.12	7,020.38
2) In respect of excise matters in dispute / under appeal	623.94	530.78
3) In respect of sales tax deferement	947.01	947.01
4) In respect of income tax matters in dispute/ under appeal	149.51	135.26
5) In respect of sales tax matters in dispute/ under appeal	353.96	100.07

33 (1) Company has given Long Term Loan to M/s. Bhatgaon Extension Mines Pvt. Ltd ₹ 3877.38 Lakhs and Bhatgaon Mines Pvt Ltd ₹ 4724.38 Lakhs. Management has taken decision not to charge interest for the current financial year.

33 (2) During the year company has made provision for doubtful advances in respect of interest provided in earlier year of ₹ 1000.14 Lakhs of Bhatgaon Extension Mines Pvt Ltd and Bhatgaon Mines Pvt.Ltd. The total provision made till date is ₹ 2000.28 Lakhs.

33 (1) During the year company has acquired 24,500 shares of M/s. Solar Mines & Minerals Ltd at value of ₹ 2.45 Lakhs.

33 (2) During the year company has executed a contract with Ilci Patlayici Maddeler Sanayi Ve Ticaret Anonim Sirketi, Turkey of ₹ 823.16 Lakhs for supply of Continuous Emulsion Plant for manufacturing of package explosives.

34) Financial & Derivative Instruments

a) Derivative contracts entered into by the Company as on 31st March,2014

l) For hedging Currency and interest rate related risks:

Nominal amounts of derivative contracts entered into by the Company and outstanding as on 31st March 14 amounting to ₹ 2116.50/- Lakhs (Previous year ₹ 3648.29 Lakhs) Category wise breakup is given below:-

₹ in Lakhs

Particular	As at 31st March 2014	As at 31st March 2013
Forward Contracts	2116.50	3,648.29

b) Foreign Currency exposures that are not hedge by derivative instruments as on 31st March 2014 to ₹ 14,518.86 Lakhs.

35 (1) VALUE OF IMPORTS ON CIF BASIS IN RESPECT OF :-

₹ in Lakhs

Particular	2014	2013
Raw materials & Stock in trade	4,283.00	17,166.80
Capital goods	66.75	223.58

35 (2) EXPENDITURE IN FOREIGN CURRENCY :-

₹ in Lakhs

Particular	2014	2013
Ocean/ Air freight	206.30	810.49
Other clearing exp	137.10	98.14
Consultancy charges	19.78	190.19
Sales commission	252.10	294.33
Sales promotion expense	183.25	157.08
Bank interest	1,041.45	625.67
Office expense	6.55	10.66
Travelling expense	21.44	5.08
Discount given on sales	16.41	9.48
Bank charges	-	32.64
Other expense	376.07	100.28

Notes on Financial Statements

for the year ended 31st March, 2014

35 (3) PAYMENT TO AUDITORS AS :-

₹ in Lakhs

Particular	2014	2013
(a) Auditor :		
Statutory Audit Fees	25.00	23.00
Vat Audit Fees	2.50	2.53
(b) Certification	3.70	2.88
(c) Taxation & Others	6.73	7.18
TOTAL	37.93	35.59

35 (4) EARNINGS PER SHARE

Particular	2014	2013
(a) Net Profit After Tax as per Statement of Profit & Loss attributable to Equity Shareholders	8,384.42	7,581.55
(b) Weighted Average number of equity shares used as denominator for calculating EPS	180.99	177.63
(c) Basis & Diluted EPS	46.33	42.68
(d) Face Value per equity share	10.00	10.00

35 (5) EARNINGS IN FOREIGN EXCHANGE

₹ in Lakhs

Particular	2014	2013
FOB value of exports (CIF- ₹ 17342.72)	15,977.66	9,094.62

36) The Ministry of Corporate Affairs, Government of India, vide General Circular No.2 and 3 dated 8th February 2011 and 21st February 2011 respectively has granted exemption from compliance with section 212 of the Companies Act, 1956, subject to fulfillment of conditions stipulated in the circulars and hence is entitled to the exemption. Necessary information relating to the subsidiaries has been included in the Consolidated Financial Statement.

As per our report of even date

For **Gandhi Rathi & Co.**

Chartered Accountants

C.N. Rathi

Partner

M. No. 39895

Firm Reg.No. 103031W

Place : Nagpur

Dated : 26th May, 2014

Khushboo Pasari

Company Secretary

For and on behalf of the Board

S.N. Nuwal

Director

K.S.Talesra

C.E.O

Manish Nuwal

Director

Nilesh Panpaliya

C.F.O.

DETAILS OF SUBSIDIARY COMPANIES

Name of Subsidiaries Particulars	(₹ In Lakhs)											
	Economic Explosives Resources Ltd	Solar Mining Resources Ltd	Solar Mines & Minerals Ltd	Navbharat Coalfields Ltd	Solar Overseas Mauritius Ltd	Solar Overseas Netherlands Cooperatie U.A.	Solar Overseas Netherlands B.V.	Solar Overseas Singapore Pte Ltd	Nigachem Nigeria Ltd	Solar Explochem Zambia Ltd	PATSAN Patlayici Maddeler Sanayi Ve Ticaret Anonim Sirketi	Ilci Patlayici Maddeler Sanayi Ve Ticaret Anonim Sirketi
Reporting Currency	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR
Exchange Rate												
Capital	480.00	5.00	5.00	5.02	5,092.35	6,179.70	7,045.89	281.49	1,562.74	3.80	807.23	2,204.28
Reserves	19,543.54	460.33	0.19	-	516.34	618.51	(209.91)	(18.66)	3,187.57	2,077.51	36.97	(39.84)
Total Assets	34,770.86	486.99	81.68	559.64	12,146.60	12,318.95	7,294.56	273.95	10,833.32	7,402.13	2,097.60	8,317.12
Total Liabilities	34,770.86	486.99	81.68	559.64	12,146.60	12,318.95	7,294.56	273.95	10,833.32	7,402.13	2,097.60	8,317.12
Details of Investments (Except Investment in subsidiaries)												
Turnover	13,005.98	183.61	-	-	-	-	-	-	14,880.93	3,564.30	-	4,839.50
Profit before Taxation	4,100.39	(29.18)	0.27	-	703.00	980.38	(22.54)	(2.70)	3,620.93	(107.62)	-	129.27
Provision for Taxation	505.00	-	0.08	-	20.96	-	-	-	1,152.29	(69.00)	-	-
Profit after Taxation	3,595.39	(29.18)	0.19	-	682.04	980.38	(22.54)	(2.70)	2,468.64	(38.62)	-	129.27
Proposed Dividend	-	-	-	-	-	-	-	-	-	-	-	-

The Ministry of Corporate Affairs, Government of India, vide General Circular No. 2 and 3 dated 8th February 2011 and 21st February 2011 respectively has granted a general exemption from compliance with Section 212 of the Companies Act, 1956, subject to fulfillment of conditions stipulated in the circular. The Company has satisfied the conditions stipulated in the circular and hence is entitled to the exemption. Necessary information relating to the subsidiaries has been included in the Consolidated Financial Statements.

1. M/s Solar Nitrochemicals Limited*
2. P. T. Solar Mining Resources*
3. M/s Solar Explochem Mauritius Limited*
4. Solar Mining Services Australia Pty. Ltd *
5. M/s Solar Explochem (Ghana) Limited*
6. M/s Solar Industrias Mocambique Limitada *

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

S.N.Nuwal
Director

Manish Nuwal
Director

Khushboo Pasari
Company Secretary

Independent Auditor's Report

To the Members of

Solar Industries India Ltd.

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of **M/s. Solar Industries India Ltd.**, ("the Company") and its subsidiaries (collectively referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2014, the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year ended and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the Accounting Standards notified under the Companies Act, 1956 (the Act) (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs) This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements

in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, and based on consideration of the reports of the other auditors on financial statements / consolidated financial statements/consolidated financial statements of the subsidiaries as noted below, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2014,
- (b) in the case of the Consolidated Statement of Profit and Loss Account of the Profit for the year ended on that date,
- (c) in the case of Cash Flow Statement of the cash flows for the year ended on that date.

OTHER MATTERS

1. We have relied on the un-audited financial statements of certain subsidiaries wherein the group's share of profit aggregate ₹ **1272.30 Lakhs**. These un-audited financial statements as approved by the respective Boards of Directors of these companies have been furnished to us by the management and our report in so far as it relates to the amounts included in respect of the subsidiaries is based solely on such approved un-audited financial statements.

Our opinion is not qualified in respect of other matters.

For Gandhi Rathi & Co.,
Chartered Accountants
(C. N. Rathi)

Place : Nagpur
Dated : 26th May, 2014

Partner
M. No. 39895
Firm Reg. No. 103031W

Consolidated Balance Sheet

as at 31st March, 2014

₹ in Lakhs

PARTICULARS	NOTE	As at 31.03.2014	As at 31.03.2013
CAPITAL AND LIABILITIES			
SHARE HOLDERS' FUND			
Share Capital	1	1809.80	1809.80
Reserves and Surplus	2	64347.61	55460.60
		66157.41	57270.40
MINORITY INTEREST			
		3810.29	4054.41
NON-CURRENT LIABILITIES			
Long -term borrowings	3	15236.64	6726.82
Deferred tax liabilities (net)		2701.03	2068.81
Other Long-term liabilities	4	4.30	2.00
Long-term provisions	5	145.29	144.92
		18087.26	8942.55
CURRENT LIABILITIES			
Short-term borrowings	6	29037.62	27725.72
Trade payables	7	3852.22	2314.16
Other current liabilities	8	13055.64	8559.14
Short-term provisions	9	1248.97	1930.81
		47194.45	40529.83
TOTAL		135249.41	110797.19
ASSETS			
NON-CURRENT ASSETS			
Fixed Assets			
Tangible Assets	10	48378.45	36676.25
Intangible asset-Goodwill		710.05	569.84
Capital Work-In-Progress	10A	8103.91	6060.96
Non-current investments	11	1046.62	951.94
Long-term loans and Advances	12	8444.99	9214.15
Other Non current Assets	13	2027.46	427.89
		68711.48	53901.03
CURRENT ASSETS			
Current Investments	14	1472.08	3941.94
Inventories	15	15282.63	13612.79
Trade receivables	16	18534.09	15592.04
Cash and Bank Balance	17	13301.59	9219.24
Loans and Advances	18	5802.46	5270.68
Other Current Assets	19	12145.08	9259.47
		66537.93	56896.16
TOTAL		135249.41	110797.19
Significant Accounting Policies			
Notes on Financial Statements	1 to 19		

As per our report of even date attached

For **Gandhi Rathi & Co.**

Chartered Accountants

C.N. Rathi

Partner

M. No. 39895

Firm Reg.No. 103031W

Place : Nagpur

Dated : 26th May, 2014

Khushboo Pasari

Company Secretary

For and on behalf of the Board

S.N. Nuwal

Director

Manish Nuwal

Director

K.S.Talesra

C.E.O

Nilesh Panpaliya

C.F.O.

Consolidated Statement of Profit & Loss

for the year ended 31st March, 2014

₹ in Lakhs

PARTICULARS	NOTE	As at 31.03.2014	As at 31.03.2013
REVENUE			
Revenue From Operations	20	122377.53	121520.17
Less: Excise Duty / Service Tax		9081.64	9338.82
		113295.89	112181.35
Other Income	21	1115.72	1420.58
TOTAL REVENUE		114411.61	113601.93
EXPENSES			
Cost of Material Consumed	22	59432.75	59686.89
Purchases of Stock in Trade		962.98	6047.73
Changes in inventories of Finished Goods, Semi Finished Goods and Stock in Trade	23	-1313.78	-727.79
Employee Benefit Expenses	24	6730.91	5557.21
Finance Costs	25	1785.64	1834.97
Depreciation		2186.93	1697.47
Other Expenses	26	27185.22	23288.13
TOTAL EXPENSES		96970.65	97384.61
Profit before exceptional and extraordinary Items		17440.96	16217.32
Less: Exceptional Items	27	1000.14	1001.86
PROFIT BEFORE TAXATION		16440.82	15215.46
Tax Expenses			
Current Tax		4247.38	3439.04
MAT Credit		-880.43	-865.47
Deferred Tax		636.76	-47.98
Prior Period Tax		-513.33	46.66
		3490.38	2572.25
Profit for the Year (Before Adjustment of Minority Interest)		12950.44	12643.21
Less : Share of Profit Transferred to Minority Interest		1106.29	1013.98
Profit for the Year (After Adjustment of Minority Interest)		11844.15	11629.23
Earning per equity share of face value ₹ 10 each		65.44	65.47
Significant Accounting Policies	20 to 41		
Notes to Financial Statements			

As per our report of even date attached

For **Gandhi Rathi & Co.**

Chartered Accountants

C.N. Rathi

Partner

M. No. 39895

Firm Reg.No. 103031W

Place : Nagpur

Dated : 26th May, 2014**Khushboo Pasari**
Company Secretary

For and on behalf of the Board

S.N. Nuwal

Director

K.S.Talesra

C.E.O

Manish Nuwal

Director

Nilesh Panpaliya

C.F.O.

Consolidated Cash Flow Statement

for the year ended 31st March, 2014

₹ in Lakhs

PARTICULARS	2013-14	2012-13
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax	16440.85	15215.45
Adjustments for :		
Depreciation	2186.92	1697.47
Interest & Financial Expenses	1785.65	3086.35
Foreign Exchange & Other	580.20	460.75
Provision for Advances Written off	1000.14	1000.14
	5552.91	6244.71
Operating Profit before working Capital Changes	21993.76	21460.16
(Increase)/Decrease in Sundry Debtors	-2942.05	1659.69
(Increase)/Decrease in Inventories	-1669.83	753.67
(Increase)/Decrease in Other Current Assets	-2885.62	2681.78
Increase/(Decrease) in Trade payables	1539.55	4750.52
Increase/(Decrease) in Other Current Liabilities & Short Term Provisions	3813.17	-2289.43
	-2144.78	7556.23
Cash Generated from Operations	19848.98	13903.93
Income Tax Paid	3366.95	2573.57
Prior period taxes	-513.33	46.66
	2853.62	2620.23
Net Cash from Operating Activities	16995.36	11283.70
B. CASH FLOW FROM INVESTING ACTIVITIES		
Increase in Tangible Assets	-13974.83	10094.00
Increase in Capital Work-In-Progress	-2042.94	1030.36
Increase in Non-current investment	-94.67	90.37
(Increase)/Decrease in Current Investment	2469.85	3670.91
Increase in Long-term loans and Advances	237.40	1089.84
Increase in Other Non current Asset	-1599.57	-1517.72
Decrease (+) in Fixed Assets	85.70	0.00
Goodwill	-140.22	85.48
Provision for Advances Written off	-1000.14	1000.14
Net Cash from Investing Activities	-16059.42	15543.38

₹ in Lakhs

PARTICULARS	2013-14	2012-13
C. CASH FLOW FROM FINANCING ACTIVITIES		
Bank Working Capital Loan	1311.91	7659.75
Minority Interest	-2454.24	-741.33
Increase/(Decrease) in Long Term Borrowing	8509.82	-1533.41
Increase/(Decrease) in Long Term Provisions	0.37	1.03
Increase/(Decrease) in Long Term Liabilities	2.30	0.00
Interest & Financial Expense	-1785.65	-3086.35
Dividend Paid	-2153.54	-1990.78
Tax on Dividend	-284.54	-331.45
Increase in Share Capital	0.00	7200.01
Net Cash from Financing Activities	3146.43	7177.47
Net Increase in Cash & Cash equivalents	4082.37	2917.79
Notes :		
1) Cash & Cash equivalents at the beginning of period	9219.24	6301.45
Cash & Cash equivalents at the end of period	13301.61	9219.24
	4082.37	2917.79

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

As per our report of even date attached

For **Gandhi Rathi & Co.**

Chartered Accountants

C.N. Rathi

Partner

M. No. 39895

Firm Reg.No. 103031W

Place : Nagpur

Dated : 26th May, 2014

Khushboo Pasari
Company Secretary

For and on behalf of the Board

S.N. Nuwal

Director

K.S.Talesra
C.E.O

Manish Nuwal

Director

Nilesh Panpaliya
C.F.O.

Significant Accounting Policies on Consolidated Accounts

PRINCIPLES OF CONSOLIDATION

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

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

- a) The financial statements of the Company and its subsidiary companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intragroup balances and intra-group transactions resulting in unrealised profits or losses in accordance with Accounting Standard (AS) 21- "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.
- b) In case of foreign subsidiaries, being non-integral foreign operations, revenue items & all assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the exchange fluctuation reserve.
- c) The difference between the costs of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognised in the financial statements as Goodwill or Capital Reserve as the case may be.
- d) Minority Interest's share of net profit of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company.
- e) Investment in Associate Companies has been accounted under the equity method as per Accounting Standard (AS) 23 – "Accounting for Investments in Associates in Consolidated Financial Statements".
- f) Investments other than in subsidiaries and associates have been accounted as per Accounting Standard (AS) 13 on "Accounting for Investments".
- g) As per management representation we have consolidated un-audited results of Overseas Subsidiary Solar Overseas Mauritius Ltd. & it's fellow subsidiaries valued at historical cost basis.

Notes on Consolidated Financial Statements

for the year ended 31st March, 2014

NOTE - 1 SHARE CAPITAL

₹ in Lakhs

Particular	As at 31.03.2014	As at 31.03.2013
(a) Authorised Share Capital		
27000000 Equity Shares of ₹ 10/- each	2700.00	2700.00
Issued, Subscribed & Paid up		
18098011 Equity Shares of ₹ 10/- each	1809.80	1809.80
	1809.80	1809.80
774195 Shares were allotted during last 5 years		
(b) Reconciliation Statement of Shares Outstanding		
Number of Shares at the beginning of the year	18098011.00	17323816.00
Add: Issued during the year	0.00	774195.00
Number of Shares at the end of the year	18098011.00	18098011.00

NOTE - 2 RESERVES AND SURPLUS

₹ in Lakhs

Particular	As at 31.03.2014	As at 31.03.2013
CAPITAL RESERVE	50.00	50.00
Security Premium Account	14912.93	7790.33
ADD - On issue of Share	0.00	7122.60
	14912.93	14912.93
General Reserve		
Opening Balance	18753.66	14753.66
Add:- Transfer from profit & Loss Account	4500.00	4000.00
Closing Balance	23253.66	18753.66
Profit & Loss Account	26186.19	21251.62
FOREIGN EXCHANGE FLUCTUATION RESERVES	-55.17	492.39
Total	64347.61	55460.60

NOTE - 3 LONG TERM BORROWINGS

₹ in Lakhs

Particular	As at 31.03.2014	As at 31.03.2013
(a) SECURED LOANS		
1. FOREIGN CURRENCY TERM LOAN FROM BANKS*	15171.65	5468.79
(b) UNSECURED LOANS		
1. Sales Tax Deferral Loan	64.21	64.21
2. Loan from Related Party (See Note No 40)	0.78	1193.82
	15236.64	6726.82

NOTE - 4 OTHER LONG TERM LIABILITIES

₹ in Lakhs

Particular	As at 31.03.2014	As at 31.03.2013
Unpaid dividends	4.30	1.89
Application money received for allotment of securities and due for refund and interest accrued there on	0.00	0.11
	4.30	2.00

Notes on Consolidated Financial Statements

for the year ended 31st March, 2014

NOTE - 5 LONG TERM PROVISION

₹ in Lakhs

Particular	As at 31.03.2014	As at 31.03.2013
Provisions For Employees Benefits-Gratuity Payable	17.99	0.00
Provisions for Sales Promotions	127.30	144.92
	145.29	144.92

NOTE - 6 SHORT-TERM BORROWINGS

₹ in Lakhs

Particular	As at 31.03.2014	As at 31.03.2013
SECURED LOANS		
Rupee Loan Working Capital #	10189.86	3586.57
Foreign Currency Loan (Working Capital / Packing Credit)#	8694.36	13991.76
TOTAL SECURED LOANS	18884.22	17578.33
UNSECURED LOANS		
Rupee Loan Working Capital	2069.84	0.00
Buyers Credit Loan		
Foreign Currency Loan from Banks	2990.11	9454.78
Foreign Currency Loan (Working Capital / Packing Credit)	3278.55	0.00
From Related Party (See Note No. 40)	1814.90	692.61
TOTAL UNSECURED LOANS	10153.40	10147.39
	29037.62	27725.72

- # Working Capital loans are secured by hypothecation of entire stocks, raw material, stock in process, finished-goods, consumables stores & spares, book debts, outstanding money receivables, claims & bills receivables, personal guarantee of Director - Shri S.N. Nuwal and Shri K.C. Nuwal, extension of first charge over the fixed and equitable mortgage of Agricultural land and godowns of Directors.
- Solar Overseas Mauritius Limited has taken revolving loan facility from DBS Bank amounting USD 10 Mi referred above is secured by Fixed Assets of Solar Industries India Limited & Personal Guarantee of Shri S.N. Nuwal.

NOTE-7 TRADE PAYABLES

₹ in Lakhs

Particular	As at 31.03.2014	As at 31.03.2013
Creditors for Goods	3409.84	1985.76
Micro, Small & Medium Enterprises *	440.66	297.04
Related Parties (see note no. 40)	1.72	31.36
	3852.22	2314.16
* The details of amounts outstanding to Micro, Small & Medium Enterprises based on the available information with the company as under :		
Principal amount due & Remaining unpaid	-	-
Interest due on above & the Unpaid interest	-	-
Interest Paid	-	-
Payment made beyond the appointed date during the year	-	-
Interest due & payable for the period of delay	-	-
Interest accrued & remaining unpaid	-	-
Amount of further interest remaining due & payable in Succeeding years	-	-

Notes on Consolidated Financial Statements

for the year ended 31st March, 2014

NOTE 8 OTHER CURRENT LIABILITIES

₹ in Lakhs

Particular	As at 31.03.2014	As at 31.03.2013
Current Maturity of long term Debt	4086.72	2753.78
Others Payables *	5761.33	3113.16
Creditors for Fixed Assets	561.44	147.82
Advances received from Customers	1015.88	1141.92
Creditors for Transporter & Other	1630.27	1402.46
	13055.64	8559.14

* Other payable includes Statutory dues & Expenses Payable

NOTE-9 SHORT TERM PROVISIONS

₹ in Lakhs

Particular	As at 31.03.2014	As at 31.03.2013
Provision for employee benefits	460.85	344.44
Others #	788.12	1586.37
	1248.97	1930.81

The company had recognised liability on the basis of expenses incurred on substantial degree of estimation on sale of goods. Actual cash flow is expected in next Financial Year

NOTE-10 SCHEDULE OF FIXED ASSETS

₹ in Lakhs

	Gross Block As On 01.04.2013	Additions During Period	Deductions During Period	Gross Block As On 31.03.2014	Depreciation		Deductions During The Period	Depreciation Up To 31.03.2014	Net Block	
					Upto 01.04.2013	During The Period			As On 01.04.2013	As On 31.03.2014
Land	5200.12	2466.00	0.00	7666.12	0.00	0.00	0.00	0.00	5200.12	7666.12
Plot	285.18	0.00	0.00	285.18	0.00	0.00	0.00	0.00	285.18	285.18
Civil Construction	15697.87	5046.27	1.52	20742.62	1699.26	655.91	0.03	2355.14	13998.61	18387.48
Plant & Machinery	17425.08	5878.11	16.95	23286.24	3112.80	943.05	8.39	4047.46	14312.29	19238.78
Furniture & Fixtures	485.40	204.73	0.00	690.13	122.24	54.24	0.00	176.48	363.16	513.65
Electric Installation	107.39	0.00	6.19	101.20	20.23	10.12	0.00	30.35	87.15	70.85
Office Equipment	742.92	188.68	0.00	931.60	370.72	76.73	0.00	447.45	372.19	484.15
Vehicles	3722.99	191.04	86.44	3827.59	1675.21	446.88	16.98	2105.11	2047.79	1722.48
Plantation	9.76	0.00	0.00	9.76	0.00	0.00	0.00	0.00	9.76	9.76
	43676.71	13974.83	111.10	57540.44	7000.46	2186.93	25.40	9161.99	36676.25	48378.45

NOTE-10A Capital work in Progress

1. Capital Work in Progress includes:

₹ in Lakhs

	31.03.2014	31.03.2013
Project Development Expenditure	2768.60	1430.25
Machinery under Installation	1888.97	2396.56
Furniture & fixture under Installation	4.32	887.23
Building Under Construction	3294.36	1200.22
Vehicles	124.12	146.70
Plantation	11.19	0.00
Office Equipment	12.35	0.00
TOTAL	8103.91	6060.96

Notes on Consolidated Financial Statements

for the year ended 31st March, 2014

NOTE-11 NON-CURRENT INVESTMENTS

₹ in Lakhs

Particular	As at 31.03.2014	As at 31.03.2013
LONG-TERM INVESTMENTS		
(Unquoted equity instruments)-At Cost		
Equity share - 490000 Nos. @ of ₹ 10 each held in SMS Bhatgaon Extension Mines Pvt Ltd	49.00	49.00
Equity share - 490000 Nos. @ of ₹ 10 each held in Solar Bhatgaon Extension Mines Pvt Ltd	49.00	49.00
Equity share - 250000 Nos. @ of ₹ 10 each held in Rainbow Production Ltd	25.00	25.00
Equity share - 110000 Nos. @ of ₹ 10 each held in Ganga Care Hospital Ltd	11.00	11.00
Equity share - 3700 Nos. @ of ₹ 10 each held in Solar Agro Florestal	0.37	0.37
Equity share - 3700 Nos. @ of ₹ 10 each held in Solar Industries Lda	0.37	0.37
Equity share - 3700 Nos. @ of ₹ 10 each held in Solar Recursos Mineral Lda	0.37	0.37
2038608 no. of Equity shares @ ₹ 10 each of Madanpur (North) Coal Company Pvt. Ltd.	207.46	207.46
Share Application Money with Madanpur (North) Coal Company Pvt Ltd Equity share - (80 Nos. @ of ₹ 295524 each)	9.08	0.67
AUSTRALIAN EXPLOSIVE TECH. Gr. Pty. Ltd. Equity share - 40080 Nos. @ of ₹ 59.91 each	236.42	214.28
SOLAR Mining Services Australia Pty LTD. Equity share - 2 Nos. @ of ₹ 54.30 each	24.01	21.76
Solar Explochem Ghana Ltd. 7705 Nos Shares @ ₹ 59.91	4.62	4.18
In Mutual Funds		
(Valued at Cost)		
Kotak Private Equity Bond - Growth Fund II	399.61	338.17
	399.61	338.17
Investments in Government or trust securities		
(Valued at Cost)		
NSC	0.40	0.40
	0.40	0.40
Investments in Equity Instruments-Quoted		
(Valued at Cost)		
987 Shares Reliance Industrial Infrastructure Ltd. of ₹ 10/- each	23.90	23.90
5331 Shares Murli Industries Ltd. of ₹ 2/- each	4.29	4.29
2993 Shares Sangam (India) Ltd. of ₹ 10/- each	1.72	1.72
	29.91	29.91
	1046.62	951.94

Notes on Consolidated Financial Statements

for the year ended 31st March, 2014

NOTE-12 LONG TERM LOANS AND ADVANCES

₹ in Lakhs

Particular	As at 31.03.2014	As at 31.03.2013
Unsecured, considered good		
Capital Advances		
- Others	1254.59	533.48
- loans & Advances		
- To, Related Party (See note no. 40)	6681.06	7601.15
- To, Other	120.35	595.73
- Doubtful Advances Related Party	2000.29	1000.14
	10056.29	9730.50
Less : Provision for Doubtful Advances	2000.29	1000.14
	8056.00	8730.36
Security Deposit & other Deposit		
- Others	388.99	483.79
	8444.99	9214.15

NOTE-13 OTHER NON CURRENT ASSET

₹ in Lakhs

Particular	As at 31.03.2014	As at 31.03.2013
Misc. Expenses to the extent not written off	403.18	63.32
Balances with bank held as margin money or security against borrowing guarantees and other commitments	0.70	0.70
Bank Deposit above 12 Month Maturity	4.23	328.42
Trade Receivable (Above 12 months)		
- Other	1619.35	35.45
	2027.46	427.89

NOTE-14 CURRENT INVESTMENTS

₹ in Lakhs

Particular	As at 31.03.2014	As at 31.03.2013
In Mutual Funds		
ICICI MUTUAL FUND	0.00	1250.00
RELIANCE MUTUAL FUND	1250.00	2500.00
	1250.00	3750.00
Investments in Equity Instruments-Quoted		
	222.08	191.94
	222.08	191.94
	1472.08	3941.94

Notes on Consolidated Financial Statements

for the year ended 31st March, 2014

NOTE-15 INVENTORIES (Valued at weighted average cost basis)

₹ in Lakhs

Particular	As at 31.03.2014	As at 31.03.2013
Raw Materials, Packing Materials	8808.95	9672.64
Consumables	1175.94	747.64
Stock in Trade -(Traded Goods)	24.16	10.26
Semi Finished Goods	763.60	346.17
Finished Goods	4259.71	2571.03
Goods In Transit	250.27	265.05
	15282.63	13612.79

NOTE-16 TRADE RECEIVABLES

₹ in Lakhs

Particular	As at 31.03.2014	As at 31.03.2013
(a) Over 6 Months		
Unsecured Considered Good		
- Other	2375.21	2761.81
	2375.21	2761.81
Less: Provision for Doubtful Trade Receivables	571.10	214.85
	1804.11	2546.96
(b) Others (Unsecured)		
Secured Considered Good		
- Other	837.61	0.00
Unsecured Considered Good		
- Other	15892.37	13045.08
	18534.09	15592.04

NOTE-17 CASH AND CASH EQUIVALENTS

₹ in Lakhs

Particular	As at 31.03.2014	As at 31.03.2013
Cash and Cash Equivalent		
Balances with Banks:		
In Current Accounts	6028.95	5087.07
Cash on hand	92.29	61.77
Other Bank Balances		
In Fixed Deposits With Bank * (Below 12 months)	7180.35	4070.40
	13301.59	9219.24

* (i) FDR of ₹ 3,63,95,165 /- held as margin money or security against the borrowing & other commitments of less than 12 months period.

Notes on Consolidated Financial Statements

for the year ended 31st March, 2014

NOTE-18 SHORT TERM LOANS AND ADVANCES

₹ in Lakhs

Particular	As at 31.03.2014	As at 31.03.2013
Unsecured, considered good		
Related parties (see note no. 40)	173.40	345.07
Loans & Advances to Employees	108.33	83.40
Material Supplier		
- Other	1894.18	2092.50
- Related Parties (see note no. 29)	5.50	0.00
other advances	3621.05	2749.71
	5802.46	5270.68

NOTE-19 OTHER CURRENT ASSETS

₹ in Lakhs

Particular	As at 31.03.2014	As at 31.03.2013
Balance with Revenue Authority	11538.97	8174.64
Other Receivable	418.10	758.90
Prepaid Expenses	172.90	251.44
Interest Accrued but not due	15.11	74.49
	12145.08	9259.47

NOTE-20 REVENUE FROM OPERATIONS

₹ in Lakhs

Particular	Year Ended 31.03.2014	Year Ended 31.03.2013
Sale of products		
Finished goods	119469.75	115151.05
Traded goods	2180.15	6157.22
Other Operating Revenue	727.63	211.90
	122377.53	121520.17
Less: Excise Duty / Service Tax	9081.64	9338.82
Total	113295.89	112181.35

NOTE-21 OTHER INCOME

₹ in Lakhs

Particular	Year Ended 31.03.2014	Year Ended 31.03.2013
Interest Income		
Interest From FDR	213.80	349.88
Income from Bond	473.64	0.00
Interest from Other	403.92	345.18
Dividend Income		
From Other	24.36	56.66
Other Misc. Income	0.00	668.86
	1115.72	1420.58

Notes on Consolidated Financial Statements

for the year ended 31st March, 2014

NOTE- 22 COST OF MATERIALS CONSUMED

₹ in Lakhs

Particular	Year Ended 31.03.2014	Year Ended 31.03.2013
Raw material consumed		
Opening inventory	9336.98	8656.91
Add : Purchases (net)	54628.61	56907.79
Less : Inventory at the end of the year	8090.96	9344.99
Cost of raw materials consumed during the year	55874.63	56219.71
Packing material consumed		
Opening inventory	335.66	230.48
Add : Purchases (net)	3873.18	3572.82
Less : Inventory at the end of the year	650.72	336.12
Cost of packing materials consumed during the year	3558.12	3467.18
	59432.75	59686.89

NOTE-23 CHANGES IN INVENTORY OF FINISHED GOODS AND WORK IN PROGRESS

₹ in Lakhs

Particular	Year Ended 31.03.2014	Year Ended 31.03.2013
Increase/Decrease in Stocks	-1313.78	-727.79

NOTE-24 EMPLOYEE BENEFITS EXPENSE

₹ in Lakhs

Particular	Year Ended 31.03.2014	Year Ended 31.03.2013
Salaries, Wages and Bonus	6169.06	5121.23
Contribution to Provident and Other Funds	260.62	216.89
Gratuity	193.22	103.37
Staff Welfare Expenses	108.01	115.72
TOTAL :	6730.91	5557.21

NOTE-25 FINANCE COSTS

₹ in Lakhs

Particular	Year Ended 31.03.2014	Year Ended 31.03.2013
Interest Cost	1421.34	1256.07
Other Borrowing Cost	364.30	578.90
TOTAL :	1785.64	1834.97

Notes on Consolidated Financial Statements

for the year ended 31st March, 2014

NOTE-26 OTHER EXPENSES

₹ in Lakhs

Particular	Year Ended 31.03.2014	Year Ended 31.03.2013
Rates & Taxes	261.53	341.44
Remuneration to Directors	772.01	724.29
Consumption of Consumables	1326.56	975.15
Consultancy Charges	262.80	583.59
Repairs & Maintenance - P & M, Electricals	318.86	213.19
Insurance Charges	248.67	359.96
Power & Fuel	1477.03	1324.06
Pump Truck Expenses	550.26	419.82
Repairs & Maintenance	330.60	333.62
Repairs & Maintenance - Civil	224.99	129.36
Security Service Charges	471.38	393.70
Export Expenses	4047.91	3018.91
Sales Promotion Expenses	587.16	1236.49
Sales Tax (Net)	5031.27	6190.67
Travelling Expenses	523.73	415.30
Bad Debts Written-Off	827.77	0.00
Discounts and Settlements	923.04	708.50
Loss from Foreign Exchange rate fluctuation	2670.76	678.69
Misc. Sales Expenses	1561.26	164.38
Sales / Agency Commission	461.80	876.15
Transportation Charges	2083.88	1216.58
Other Expenses	2221.95	2984.28
TOTAL :	27185.22	23288.13

NOTE-27 EXCEPTIONAL ITEMS

₹ in Lakhs

Particular	Year Ended 31.03.2014	Year Ended 31.03.2013
Loss on sales of Assets	0.00	1.72
Advances Written off	1000.14	1000.14
TOTAL :	1000.14	1001.86

Notes on Consolidated Financial Statements

for the year ended 31st March, 2014

28. Basis of preparation of Financial Statements

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in India for the year ended 31st March 2014.

29. Description of Business

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

30. Financial & Derivative Instrument are given in Standalone.

31. Effects of Consolidation

As a result of consolidation, the following are the eliminations as a result of intra group transactions in the year ended 31st March, 2014

(₹ in Lakhs)

Name of the Company	Sale of Goods	Purchase of Material	Services amount received	Services amount paid	Interest received	Interest Paid	Dividend received	Dividend paid
Solar Industries India Limited	6736.68	6268.99	70.27		568.26		893.50	
Economic Explosives Ltd.	6190.72	1580.00			345.81			396.00
Solar Mining Resources Ltd.	78.27							
Solar Mines & Minerals Ltd					347.14	345.81		
Nigachem Nigeria Ltd.		2908.61		70.27				
Solar Explochem Zambia Ltd.		1500.29						
ILCI Patlayici Mad. San. Tic. A.S.		747.78						
Solar Overseas Mauritius Ltd						21.59		497.50

32. Joint Venture

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

Solar Bhatgaon Ext. Mines Pvt. Ltd. 49%

SMS Bhatgaon Mines Extension Pvt. Ltd. 49%

33. Loan to Related Parties

Company has given Long Term Loan to M/s. Bhatgaon Extension Mines Pvt. Ltd ₹ 3877.38 Lakhs and Bhatgaon Mines Pvt Ltd ₹ 4724.38 Lakhs. Management has taken decision not to charge interest for the current financial year.

34. Advanced Written/off

Company has made provision for doubtful advances against interest provided in earlier year of ₹ 1000.14 Lakhs against Bhatgaon Extension Mines Pvt Ltd and Bhatgaon Mines Pvt. Ltd.

35. During the year company has acquired 24,500 shares of M/s. Solar Mines & Minerals Ltd at value of ₹ 2.45 Lakhs.

36. During the year company has executed a contract with ILCI Patlayici Maddeler Sanayi Ve Ticaret Anonim Sirketi, Turkey of ₹ 823.16 Lakhs for supply of Continuous Emulsion Plant for manufacturing of package explosives.

37. Earnings per share

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

Notes on Consolidated Financial Statements

for the year ended 31st March, 2014

Particulars	₹ in Lakhs)	
	31.03.2014	31.03.2013
Net Profit for the year attributable to equity shareholders (Rupees in Lakhs)	11844.19	11629.23
Weighted Average No of Shares (In Lakhs)	180.99	177.63
Earning per Share (Rupees)	65.44	65.47

38. Contingent Liabilities

S r. No.	Particulars	₹ In Lakhs)	
		FY 2013-14	FY 2012-13
01	In respect of counter guarantees given to Banks.	6463.78	7855.77
02	In respect of Excise matters in dispute / under Appeals	734.63	757.99
03	In respect of Sales Tax matters (Deferment)	947.01	1011.22
04	In respect of Income Tax matters in dispute / under Appeals	353.14	155.89
05	In respect of Sales Tax matters in dispute / under Appeals	353.96	100.07

39. (i) The previous year's figures have been regrouped / reclassified where necessary, to conform to the current year's presentation.

39. (ii) Uniform Accounting Policies

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

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

Particulars	₹ in Lakhs)	
	31.03.2014	31.03.2013
SIIL Consolidated for the year ended		
1. Segment Revenue		
a. Explosives	112317.76	106097.82
b. Trading	871.88	5970.58
c. Others	106.25	112.96
Total	113295.89	112181.36
Less: Inter segment revenue	0.00	0.00
Revenue from Sales & other Income and exchange fluctuation gains	113295.89	112181.36
2. Segment Results		
Profit/(loss) (before tax and interest from each segment)		
a. Explosives	18045.64	16486.57
b. Trading	5.17	61.57
c. Other	60.11	75.19
Total	18110.92	16623.33
Less:		
(i) Interest paid (net of interest received)	1785.65	1834.96
(ii) Other un-allocable expenditure net off un-allocable income	(1115.72)	(1420.57)
(iii) Exceptional items	1000.14	1001.86
Total Profit Before Tax	16440.85	15215.46
3. Capital Employed		
a. Explosives	75825.86	59103.55
b. Trading	0.00	0.00
c. Others	0.00	0.00
Total	75825.86	59103.55

40. **Related party disclosures** required as per AS-18 on 'Related Parties disclosures' issued by the Institute of Chartered Accountants of India, are below for the year ended on 31.03.2014

1. **Holding Company** : NIL
2. **Subsidiaries** : a) Economic Explosives Ltd.
b) Solar Mines & Minerals Ltd.
c) Solar Mining Resources Ltd.
d) Navbharat Coalfields Ltd.
3. **Fellow Subsidiaries** : NIL
4. **Overseas Subsidiaries** : a) Solar Overseas Mauritius Ltd.
b) Solar Industrias Mocambique LDA

Notes on Consolidated Financial Statements

for the year ended 31st March, 2014

- 5. Fellow Overseas Subsidiaries** :
- a) Solar Explochem Mauritius Ltd
 - b) Solar Overseas Netherlands Cooperative U.A.
 - c) Solar Overseas Netherlands B.V.
 - d) ILCI Patlayici Maddeler Sanayi Ve Ticaret Anonim Sirketi
 - e) PATSAN Patlayici Maddeler Sanayi Ve Ticaret
 - f) Solar Overseas Singapore Pte Ltd
 - g) Nigachem Nigeria Ltd
 - h) Solar Explochem Zambia Ltd
 - i) Solar Mining Services Australia Pty Ltd
 - j) Solar Explochem (Ghana) Ltd
 - k) P.T. Solar Mining Services
 - l) Australian Explosive Technologies Group Pty. Ltd.
 - m) Solar Nitrochemicals Ltd.
- 6. Associates** :
- a) Solar Synthetics Pvt. Ltd.
 - b) Mahakal Infrastructures Pvt. Ltd.
 - c) Mahakal Project Pvt. Ltd.
 - d) Nagpur Infrastructure Pvt. Ltd.
 - e) Solar Bhatgaon Extension Mines Pvt. Ltd.
 - f) SMS Bhatgaon Mines Extension Pvt. Ltd.
 - g) Bhatgaon Extension Mines Pvt. Ltd.
 - h) Bhatgaon Mines Pvt. Ltd.
 - i) Solar Initiating Systems Ltd.
 - j) Madanpur North Coalfields Ltd.
 - k) Solar Processors Ltd.
- 7. Key Management Personnel** :
- a) Shri S. N. Nuwal
 - b) Shri K. C. Nuwal
 - c) Shri Manish Nuwal
 - d) Shri K.S. Talesra
 - e) Shri R. D. Vakil

(₹in Lakhs)

NATURE OF TRANSACTIONS	SUBSIDIARY		ASSOCIATES / RELATED CONCERN		KEY MANAGEMENT PERSONNEL	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Loan Recd O/S	-	-	1815.67	1,886.43	-	-
Loan Given O/S	12.32	(44.04)	8847.93	8,990.41	-	-
Balance O/S	-	-	(1.72)	31.36	-	-

41. The Audited / Un audited financial statement of foreign subsidiaries/associates have been prepared in accordance with the Generally Accepted Accounting Principle of its Country of Incorporation or International Financial Reporting Standards. The difference in accounting policies of the Company and its subsidiaries are not material.

As per our report of even date attached

For **Gandhi Rathi & Co.**

Chartered Accountants

C.N. Rathi

Partner

M. No. 39895

Firm Reg.No. 103031W

Place : Nagpur

Dated : 26th May, 2014

For and on behalf of the Board

S.N. Nuwal

Director

Manish Nuwal

Director

Khushboo Pasari

Company Secretary

K.S.Talesra

C.E.O

Nilesh Panpaliya

C.F.O.



SOLAR INDUSTRIES INDIA LIMITED

CIN: L74999MH1995PLC085878

Registered Office: 11, Zade Layout, Bharat Nagar, Nagpur – 440 033 (M.S.)

Tel: 91-0712-2550151, Fax: 91-0712-2560202, E-Mail: cs@solargroup.com

ATTENDANCE SLIP

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

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

I/We hereby record my/our presence at the 19th Annual General Meeting of the Company to be held at 12.30 P.M. at Hotel Tuli Imperial, Central Bazar, Ramdaspath, Nagpur – 440 010, Maharashtra

Signature of the Member or the Proxy Attending the Meeting

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

Note: Members are requested to bring their copies of Notice and 19thAnnual Report to the Meeting as the same will not be circulated at the meeting.



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PROXY FORM

Form No. MGT-11

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN: L74999MH1995PLC085878

Name of the Company: SOLAR INDUSTRIES INDIA LIMITED

Registered office: 11, Zade Layout, Bharat Nagar, Nagpur - 440033 (M.S.)

Name of the member (s) :

Registered address :

E-mail ID :

Folio No. / Client ID :

DP ID :

I/We, being the member(s) of shares of the above named company, hereby appoint:

(1) Name: Address:

..... E-mail Id: Signature:

or failing him

(2) Name: Address:
 E-mail Id: Signature:

or failing him

(3) Name: Address:
 E-mail Id: Signature:

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Nineteenth Annual General Meeting of the Company, to be held on Thursday the 4th September, 2014 at 12.30 P.M. at Hotel Tuli Imperial, Central Bazar, Ramdaspath, Nagpur – 440 010, Maharashtra and at any adjournment thereof in respect of such resolutions as are indicated below:

Item No.	Brief particulars of the resolution	I/We assent to the resolution (FOR)	I/We dissent to the resolution (AGAINST)
----------	-------------------------------------	-------------------------------------	--

Ordinary Business

1.	Adoption of Audited Financial statements for the year ended 31 st March 2014 and the Director's and Auditor's Reports thereon.		
2.	To declare dividend.		
3.	Re-appointment of Shri Kailashchandra Nuwal, who retires by rotation.		
4.	Appointment of M/s Gandhi Rathi & Co., Chartered Accountants, as Auditors and fixing their remuneration.		

Special Business

5.	Re-appointment of Shri Kundan Singh Talesra as a Whole Time Director.		
6.	Re-appointment of Shri Roomie Dara Vakil as a Whole Time Director.		
7.	Appointment of Shri Anant Sagar Awasthi as an Independent Director.		
8.	Appointment of Shri Dilip Patel as an Independent Director.		
9.	Appointment of Shri Satish Chandra Gupta as an Independent Director.		
10.	Appointment of Shri Ajai Nigam as an Independent Director.		
11.	Appointment of Shri Amrendra Verma as an Independent Director.		
12.	Approval of Remuneration of Cost Auditor.		

Affix One
Rupee
Revenue
Stamp here
& sign

Signed this day of 2014

Signature of Shareholder(s)

Note

1. This form of Proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.
2. The Proxy need not be a member of the Company.
3. A person can act as a Proxy on behalf of the member not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
4. Appointing a proxy does not prevent a member from attending the meeting in person.
5. In case of joint holders, the signature of any one holder will be sufficient, but names of all the joint holders should be stated.
6. It is optional to put "X" in the appropriate column against the Resolution indicated in the Box. If you leave "FOR" or "AGAINST" column blank against any or all resolution(s), your proxy will be entitled to vote in the manner as he/she thinks appropriate.



SOLAR INDUSTRIES INDIA LIMITED

Registered Office: 11, Zade Layout, Bharat Nagar, Nagpur - 440 033 (M.S.)

Tel: 91-0712-2550151, Fax: 91-0712-2560202, E-Mail: cs@solargroup.com

Website:www.solargroup.com CIN:L74999MH1995PLC085878

BALLOT FORM

(Pl. read carefully the instructions printed overleaf before completing this form)

Sr. No.....

1. Name :
- Registered Address :
- of Sole / First named Shareholder
(IN BLOCK LETTERS)
2. Name(s) of Joint Shareholder(s), if any :
- (IN BLOCK LETTERS)
3. Registered Folio No. / DP ID No.* / :
- Client ID No.* (*Applicable to Investors
holding shares in dematerialized form)
4. Number of Shares held (Equity Share of :
- ₹ 10/- each)
5. I/We hereby exercise my/our vote in respect of the Ordinary/Special Resolution(s) to be passed for the business stated in the Notice of the Nineteenth Annual General Meeting of the Company scheduled on 4th September 2014, by conveying my / our assent (FOR) or dissent (AGAINST) to the said Resolution(s) by placing the tick (√) mark in the appropriate box below :

Item No.	Brief particulars of the resolution	No. of Equity Shares	I/We assent to the resolution (FOR)	I/We dissent to the resolution (AGAINST)
1.	Adoption of Financial statements for the year ended 31 st March 2014 and the Director's and Auditor's Reports thereon.			
2.	To declare dividend.			
3.	Re-appointment of Shri Kailashchandra Nuwal, who retires by rotation.			
4.	Appointment of M/S Gandhi Rathi & Co., Chartered Accountants, as Auditors and fixing their remuneration.			
5.	Re-appointment of Shri Kundan Singh Talesra as a Whole Time Director.			
6.	Re-appointment of Shri Roomie Dara Vakil as a Whole Time Director.			
7.	Appointment of Shri Anant Sagar Awasthi as a Independent Director.			
8.	Appointment of Shri Dilip Patel as a Independent Director.			
9.	Appointment of Shri Satish Chandra Gupta as a Independent Director.			
10.	Appointment of Shri Ajai Nigam as a Independent Director.			
11.	Appointment of Shri Amrendra Verma as a Independent Director.			
12.	Approval of Remuneration of Cost Auditor.			

Place:

Date:

.....
Signature of the Shareholder

INSTRUCTIONS

1. Members may fill up the Ballot Form printed overleaf and submit the same in a sealed envelope to the Scrutinizer, Mr. Tushar Pahade of M/s T. S. Pahade & Associates, Practicing Company Secretaries, Unit: Solar Industries India Limited. C/o. Link Intime India Private Limited C-13, Pannalal Silk Mills Compound, L.B.S Marg, Bhandup (W), Mumbai- 400 078 or to his email id tusharpahade@gmail.com, so as to reach by 5.00 p.m. on 31st August 2014. Ballot Form received thereafter will strictly be treated as if not received.
2. The Company will not be responsible if the envelope containing the Ballot Form is lost in transit.
3. Unsigned, incomplete or incorrectly ticked forms are liable to be rejected and the decision of the Scrutinizer on the validity of the forms will be final.
4. In the event member casts his votes through both the processes i.e. E-voting and Ballot Form, the votes in the electronic system would be considered and the Ballot Form would be ignored.
5. The right of voting by Ballot Form shall not be exercised by a proxy.
6. To avoid fraudulent transactions, the identity/signature of the members holding shares in electronic/demat form is verified with the specimen signatures furnished by NSDL/CDSL and that of members holding shares in physical form is verified as per the records of the share transfer agent of the Company (i.e. Link Intime India Private Limited) Members are requested to keep the same updated.
7. There will be only one Ballot Form for every Folio/DP ID Client ID irrespective of the number of joint members.
8. In case of joint holders, the Ballot Form should be signed by the first named shareholder and in his/her absence by the next named shareholders. Ballot form signed by a joint holder shall be treated valid if signed as per records available with the Company and the Company shall not entertain any objection on such Ballot Form signed by other joint holders.
9. Where the Ballot Form has been signed by an authorized representative of the body corporate/Trust/Society, etc. a certified copy of the relevant authorization/Board resolution to vote should accompany the Ballot Form.
10. Instructions for e-voting procedure are available in the Notice of Annual General Meeting and are also placed on the website of the Company i.e. www.solargroup.com.





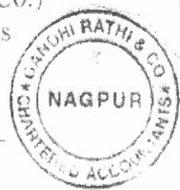
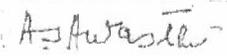
11, Zade Layout, Bharat Nagar, Nagpur, (M.S.)
Tel: +91 712 2561000, 2561010; Fax: +91 712 2560202
Email: investor.relations@solargroup.com;
Website: www.solargroup.com
CIN No.: L74999MH1995PLC085878



**SOLAR
INDUSTRIES
INDIA
LIMITED**

REGD. OFFICE : 11, ZADE LAYOUT,
BHARAT NAGAR,
NAGPUR - 440-033, (M.S.) INDIA.
PHONES : +91-712-2561000, 2560010
FAX : +91-712-2560202
CIN : L74999MH1995PLC085678
e-mail : solar@solargroup.com

FORM-A

1	Name of the Company	Solar Industries India Limited
2	Annual Financial Statement for the year ended	31 st March, 2014
3	Type of Audit observation	Un-qualified
4	Frequency of observation	N.A.
5	To be signed by-	
	CEO	 (Kundan Singh Talesra)
	CFO	 (Nilesh Panpaliya)
	Auditor of the Company	(For Gandhi Rathi & Co.) Chartered Accountants  (C.N. Rathi) Partner 
	Audit Committee Chairman	 (Anant Sagar Awasthi)