

December 26, 2023

Solar Industries India Limited: Update on material event

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Commercial Paper	100.00	100.00	[ICRA]A1+; outstanding
Total	100.00	100.00	

*Instrument details are provided in Annexure-I

Rationale

On December 17, 2023, an explosion incident occurred at one of buildings in one the storage facilities of Solar Industries India Limited (SIIL) situated at Chakdoh, Nagpur in Maharashtra. As per company, the explosion took place in the packaging area of the facility, which resulted in the death of nine workmen in the plant. The incident is being investigated for all the root and contributory causes. ICRA notes that the incident has not impacted the operations of the company materially as of now, although with investigations underway, ICRA will continue to monitor the outcome and implications of the investigations. ICRA believes, the credit profile of the entity remains strong and should not be materially impacted in case of any financial loss occurring on account of the incident, unless material in nature.

Please refer to the following link for the previous detailed rationale that captures the key rating drivers and their description, the liquidity position, rating sensitivities and key financials indicators: [Click here](#)

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology ICRA Rating Methodology - Chemicals
Parent/Group support	Not Applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has taken consolidated view of SIIL and EEL. ICRA has considered the consolidated financials of SIIL; the company had seven subsidiaries, 18 step-down subsidiaries, one associate and one entity with joint control/significant influence, the details of which are provided in Annexure-2

About the company

SIIL is the flagship company of the Solar Group, which is promoted and headed by Mr. Satyanarayan Nuwal. The company initially commenced trading of explosives in 1983 and ventured into explosive manufacturing in 1996. SIIL, along with its subsidiaries, manufactures bulk explosives, packaged explosives and initiating systems, which find application in the mining, infrastructure and construction industries. The Group forayed into the defence sector in 2010 and diversified into the manufacturing of propellants for missiles and rockets, warheads and warhead explosives. At present, there are 32 manufacturing plants across nine states in India, in addition to seven overseas units in Zambia, Ghana, Nigeria, Turkey, South Africa, Tanzania and Indonesia. The company has also established a Centre of Excellence for Life Assessment for Explosives and Ammunition. The head office of the Group is located in Nagpur (Maharashtra).

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument		Current rating (FY2024)					Chronology of rating history for the past 3 years					
		Type	Amount rated (Rs. crore)	Amount outstanding as of Sep 30, 2023 (Rs. crore)	Date & rating in FY2024		Date & rating in FY2023	Date & rating in FY2022	Date & rating in FY2021			
					Dec 26, 2023	Nov 28, 2023			Nov 28, 2022	Nov 29, 2021	Feb 23,2021	Dec 18, 2020
1	Commercial Paper	Short term	100.00	100.00	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+		

Complexity level of the rated instruments

Instrument	Complexity Indicator
Commercial Paper Programme	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
Unplaced	Commercial Paper	-	-	-	100.0	[ICRA]A1+

Source: Company

Annexure II: List of entities considered for consolidated analysis

Company Name	Ownership	Consolidation Approach
Subsidiaries		
Economic Explosives Limited	100.00%	Full Consolidation
Emul Tek Private Limited	100.00%	Full Consolidation
Solar Defence Limited ¹	100.00%	Full Consolidation
Solar Defence Systems Limited ¹	100.00%	Full Consolidation
Solar Avionics Limited ¹	100.00%	Full Consolidation
Solar Explochem Limited ¹⁺⁴	100.00%	Full Consolidation
Solar Overseas Mauritius Limited	100.00%	Full Consolidation
Solar Mining Services Pty Limited, South Africa	87.58%	Equity Method
Nigachem Nigeria Limited	55.00%	Equity Method
Solar Overseas Netherlands B.V.	100.00%	Full Consolidation
Solar Explochem Zambia Limited	65.00%	Equity Method
Solar Patlayici Maddeler Sanayi Ve Ticaret Anonim Sirketi	100.00%	Full Consolidation
P.T. Solar Mining Services	100.00%	Full Consolidation
PATSAN Patlayici Maddeler Sanayi Ve Ticaret Anonim Sirketi ²	53.00%	Equity Method

Company Name	Ownership	Consolidation Approach
Solar Nitro Ghana Limited	90.00%	Equity Method
Solar Madencilik Hizmetleri A.S	100.00%	Full Consolidation
Solar Overseas Netherlands Cooperative U.A	99.99%	Equity Method
Solar Overseas Singapore Pte Ltd	100.00%	Full Consolidation
Solar Industries Africa Limited	100.00%	Full Consolidation
Solar Nitro Zimbabwe (Private) Limited	100.00%	Full Consolidation
Solar Nitro chemicals Limited	65.00%	Equity Method
Solar Mining Services Pty Ltd, Australia	100.00%	Full Consolidation
Solar Mining Services Cote d'Ivoire Limited SARL ¹	100.00%	Full Consolidation
Solar Venture Company Limited	55.00%	Equity Method
Solar Mining Services Burkina Faso SARL	100.00%	Full Consolidation
Solar Mining Services Albania	100.00%	Full Consolidation
Solar Nitro SARL ¹⁺³	85.00%	Equity Method
Associates		
Zmotion Autonomous Private Limited ⁵	45.00%	Equity Method
Entities with joint control or significant influence over the entity		
ASTRA Resources Pty Limited	49.00%	Equity Method

Source: Annual Report FY2023

Note 1: The entity has not commenced its business operations

Note 2: The entity is under liquidation.

Note 3: The entity was incorporated on December 5, 2022

Note 4: The entity was incorporated on April 29, 2022

Note 5: Associate Company w.e.f. April 6, 2022

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About ICRA Limited:

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Branches



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