



GANDHI RATHI & CO.
CHARTERED ACCOUNTANTS

PAREKH CENTRE, 3RD FLOOR, OPP. DAGA
HOSPITAL, GANDHIBAGH NAGPUR-440 002
PH. : +91-712-2766732, 2764207

INDEPENDENT AUDITOR'S REPORT

To the Members of
Solar Defence Systems Limited

Report on the Audit of the Financial Statements

Opinion

1. We have audited the financial statements of **Solar Defence Systems Limited** ("the Company"), which comprise the balance sheet as at March 31, 2019 and the statement of Profit and Loss (including other comprehensive income), the statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.
2. 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 Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and its profit/loss (including other comprehensive income), the changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

Other Information

4. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, but does not include the financial statements and our auditor's report thereon.



5. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
6. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

7. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
8. In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
9. The Board of Directors are also responsible for overseeing the Company's financial reporting process

Auditor's Responsibilities for the Audit of the Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



11. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

12. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure A statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

13. As required by Section 143(3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.



- (c) The Balance Sheet, the Statement of Profit and Loss, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has no pending litigations as at March 31, 2019 on its financial position in its financial statements
 - ii. The Company did not have any long-term contracts for which there were any material foreseeable losses
 - iii. There were no amounts which are required to be transferred, to the Investor Education and Protection Fund by the Company.

For Gandhi Rathi & Co.
Chartered Accountants
Firm's Registration Number: 103031W



C.N. Rathi
Partner
Membership No. 39895

Place: Nagpur
Date: May 8, 2019



“Annexure A” referred to in paragraph 1 under the heading “Report on Other Legal and Regulatory requirements” of our report of even date.

Re: Solar DefenceSystems Limited (“the Company”)

- i. The Company does not have any fixed assets as on the Balance Sheet date. Accordingly, the provisions of clause 3(i) (a), (b) and (c) of the Order are not applicable to the Company.
- ii. The Company does not have any inventory. Accordingly, clause 3(ii) of the Order is not applicable to the Company.
- iii. According to information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, in respect of the investments made. There are no loans, guarantees and securities granted in respect of which provisions of section 185 and 186 of the Act are applicable.
- v. In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits within the provisions of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3 (v) of the Order are not applicable to the Company.
- vi. Pursuant to the rules made by the Central Government of India, the Company is not required to maintain cost records as specified under Section 148(1) of the Act in respect of its products as there is no production during the year. Thus reporting under clause 3 (vi) of the order is not applicable to the company.
- vii. a. According to the information and explanations given to us and the records of the Company examined by us, in our opinion, there are no undisputed statutory dues with respect to provident fund, employees’ state insurance, goods & service tax, income tax and cess.
b. According to the information and explanations given to us, no undisputed dues in respect of provident fund, employees’ state insurance, income-tax, cess, goods & service tax and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
c. According to the records of the Company, there are no disputed dues of income tax or goods & service tax which has not been deposited with the relevant authority.
- viii. According to the records of the Company examined by us and the information and explanation given to us, the Company did not avail any loan or borrowings from banks or financial institutions or Government. Also, have no outstanding dues in respect of debenture holders. Hence reporting under clause 3 (viii) of the order is not applicable to the company.
- ix. According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer/ further public offer/ debt instruments and term loans and hence reporting under clause 3 (ix) of the order is not applicable to the company.



- x. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor we have been informed of any such case by the Management.
- xi. According to the information and explanations given by the management, the provisions of section 197 read with Schedule V of the Act is not applicable to the Company and hence reporting under clause 3 (xi) is not applicable and hence not commented upon.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.
- xiii. According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of the Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us and on an overall examination of the Balance Sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3(xiv) of the Order are not applicable to the Company and hence not commented upon.
- xv. According to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with him as referred to in section 192 of the Companies Act, 2013. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For Gandhi Rathi & Co.
Chartered Accountants
Firm's Registration Number: 103031W



C.N. Rathi
Partner
Membership No. 39895



Place: Nagpur
Date: May 8, 2019

"Annexure B" referred to in the Independent Auditor's report of even date on the financial statements of Solar DefenceSystemsLimited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

1. We have audited the internal financial controls over financial reporting of Solar Defence Systems Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI) ('the Guidance Note'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the Guidance Note) and the Standards on Auditing as prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.



Meaning of Internal Financial Controls Over Financial Reporting

6. A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that
- a. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
 - b. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
 - c. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

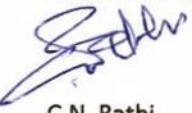
Inherent Limitations of Internal Financial Controls Over Financial Reporting

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has maintained, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Gandhi Rathi & Co.
Chartered Accountants
Firm's Registration Number: 103031W


C.N. Rathi
Partners
Membership No. 39895
Place: Nagpur
Date: May 8, 2019



Solar Defence Systems Limited
 Balance Sheet as at March 31, 2019
 (All amounts in Rupees, unless otherwise stated)

Balance Sheet as at	Notes	March 31,2019	March 31,2018
ASSETS			
Non-current assets			
Financial assets			
Investments	3	4,16,218	4,33,966
Loans	4	10,000	
Total non-current assets		4,26,218	4,33,966
Current assets			
Other Current Asset	5	493	-
Financial assets			
Cash and cash equivalents	6	48,905	38,895
Total current assets		49,398	38,895
Total assets		4,75,616	4,72,861
EQUITY AND LIABILITIES			
Equity			
Equity share capital	7	5,00,000	5,00,000
Other equity		(59,994)	(41,785)
Total equity		4,40,006	4,58,215
LIABILITIES			
Non-Current liabilities			
Deferred tax liability	8	14,910	8,746
Current liabilities			
Other current liabilities	9	20,700	5,900
Total liabilities		35,610	14,646
Total equity and liabilities		4,75,616	4,72,861



Summary of significant accounting policies 2
 The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached
For Gandhi Rathi & Co.
 Chartered Accountants
 Firm's Registration Number: 103031W

For and on behalf of the Board of Directors of
 Solar Defence Systems Limited


C. N. Rathi
 Partner
 Membership No.39895



 - 
S.N. Nuwal
 Director
 DIN: 00713547

Manish Nuwal
 Director
 DIN: 00164388

Place: Nagpur
 Date: May 8, 2019


Solar Defence Systems Limited
Statement of Profit and Loss for the period ended March 31, 2019
(All amounts in Rupees, unless otherwise stated)

Statement of Profit and Loss for the	Notes	Year ended March 31, 2019	Year ended March 31, 2018
Other income	10	32,252	27,471
Total income		32,252	27,471
Expenses			
Other expenses	11	42,057	15,730
Total expenses		42,057	15,730
Profit before tax		(9,805)	11,741
Income tax expense		1,780	-
Deferred tax	12	6,624	8,746
Total tax expense		8,404	8,746
Total comprehensive income for the year		(18,209)	2,995
Earnings per equity share			
Basic and Diluted earnings per share [Nominal value of Rs.10]	13	(0.36)	0.06

Summary of significant accounting policies 2
The accompanying notes form an integral part of the standalone financial statements


As per our report of even date attached
For Gandhi Rathi & Co.
Chartered Accountants
Firm's Registration Number: 103031W

**For and on behalf of the Board of Directors of
Solar Defence Systems Limited**


C. N. Rathi
Partner
Membership No.39895
Place: Nagpur
Date: May 8, 2019




S.N. Nuwal
Director
DIN: 00713547


Manish Nuwal
Director
DIN: 00164388

Solar Defence Systems Limited
Statement of cash flow for the period ended March 31, 2019
(All amounts in Rupees, unless otherwise stated)

Cash Flow Statement for the	Year ended March 31, 2019	Year ended March 31, 2018
Cash flow from operating activities		
Profit / (Loss) before income tax	(9,805)	11,741
Profit on sale of Investment	(3,147)	-
Fair value change in Investments	(29,105)	(27,471)
Operating profit before working capital changes	(42,057)	(15,730)
Increase in other current liabilities	14,800	900
Increase in other current assets	(493)	-
Increase in other non current assets	(10,000)	-
Net cash flow from operating activities	(37,750)	(14,830)
Income taxes paid (net)	2,240	-
Net cash (outflow) / inflow from operating activities	(39,990)	(14,830)
Cash flows from investing activities		
Mutual fund investments sold during the year	50,000	-
Net cash outflow from investing activities	50,000	-
Net increase (decrease) in cash and cash equivalents	10,010	(14,830)
Cash and cash equivalents at the beginning of the financial year	38,895	53,725
Cash and cash equivalents at end of the year (Note 4)	48,905	38,895

Summary of significant accounting policies (Note 2)

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

As per our report of even date attached

For Gandhi Rathi & Co.

Chartered Accountants

Firm's Registration Number: 103031W



C. N. Rathi

Partner


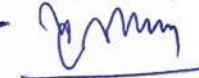
Membership No.39895



Place: Nagpur

Date: May 8, 2019

**For and on behalf of the Board of Directors of
Solar Defence Systems Limited**

 - 

S.N. Nuwal
Director

DIN: 00713547

Manish Nuwal
Director

DIN: 00164388

Solar Defence Systems Limited
Statement of changes in equity
(All amounts in Rupees, unless otherwise stated)

A. Equity share capital

Particulars	Notes	Number of shares	Amount
As at April 1, 2018	6	50,000	5,00,000
Changes in equity share capital		-	-
As at March 31, 2019	6	50,000	5,00,000


B. Other equity

Particulars		Retained earnings	Total other equity
Balance at April 1, 2018		(41,786)	(41,785)
Profit for the year		(18,209)	(18,209)
Balance at March 31, 2019		(59,994)	(59,994)

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


As per our report of even date attached
For Gandhi Rathi & Co.
Chartered Accountants
Firm's Registration Number: 103031W


For and on behalf of the Board of Directors of
Solar Defence Systems Limited


C. N. Rathi
Partner
Membership No.39895



Place: Nagpur
Date: May 8, 2019


S.N. Nuwal
Director
DIN: 00713547


Manish Nuwal
Director
DIN: 00164388

Solar Defence Systems Limited
Notes to Financial Statements
(All amounts in Rupees, unless otherwise stated)

Note 3: Non- current investments

Particulars	March 31, 2019	March 31, 2018
Quoted Investment in mutual funds :		
ICICI Prudential Liquid- Direct Plan - (No of Units 1506.358 at March 31,2019) (Face value Rs 10/-)	4,16,218	4,33,966
	4,16,218	4,33,966
Aggregate amount of quoted investments and market value thereof	4,16,218	4,33,966

Note 4: Loans

Particulars	March 31, 2019	March 31, 2018
Security Deposit - NSDL	10,000	-
Total	10,000	-

Note 5: Other Current assets

Particulars	March 31, 2019	March 31, 2018
NSDL	493	-
Total	493	-

Note 6: Cash and Cash Equivalents

Particulars	March 31, 2019	March 31, 2018
Balances with bank in current account	48,905	38,895
Total	48,905	38,895



Solar Defence Systems Limited
Notes to Financial Statements
(All amounts in Rupees, unless otherwise stated)

Note 7: Equity share capital

Particulars	Number of Shares		Amount	
	March 31, 2019		March 31, 2018	
Authorised equity share capital (face value Rs.10 each)	50,000	5,00,000	50,000	5,00,000
	50,000	5,00,000	50,000	5,00,000
Issued, Subscribed and fully paid share capital (face value Rs.10 each)	50,000	5,00,000	50,000	5,00,000
	50,000	5,00,000	50,000	5,00,000

(a) Movements in equity share capital

Particulars	Number of Shares	
	March 31, 2019	March 31, 2018
Number of Shares at the beginning of the year	50,000	50,000
Add: Shares Issued during the year	-	-
Number of Shares at the end of the year	50,000	50,000

(b) Terms/ rights attached to equity shares

The Company has one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(c) Equity shares held by ultimate holding/ holding company

Particulars	Number of Shares		Amount	
	March 31, 2019		March 31, 2018	
Ultimate holding/ Holding Company				
Solar Industries India Limited (par value Rs.10 each fully paid)	50,000	5,00,000	50,000	5,00,000
	50,000	5,00,000	50,000	5,00,000

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

Name of the shareholder	% holding		% holding	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Solar Industries India Limited	100	100	50,000	50,000

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents the legal ownership of shares.



Solar Defence Systems Limited
Notes to Financial Statements
(All amounts in Rupees, unless otherwise stated)

Note 8: Deferred tax liability

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
On account of financial assets measured at fair value through profit and loss (Mutual Fund Investments)	14,910	8,746
Deferred tax liability	14,910	8,746

Note 9: Other current liabilities

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Audit Fees payable	17,700	5,900
Provision for Legal fees	3,000	-
	20,700	5,900



Solar Defence Systems Limited
Notes to Financial Statements
(All amounts in Rupees, unless otherwise stated)

Note 10: Other income

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Net gain on financial assets mandatorily measured at fair value through profit or loss	32,252	27,471
	32,252	27,471

Note 11: Other expenses

Particulars	Year ended March 31, 2019	Year ended March 31, 2019
Legal expenses	21,357	-
Payments to auditors- Audit Fees	11,800	5,900
Professional Fees	8,900	7,080
Miscellaneous expenses	-	2,750
	42,057	15,730

Note 12: Tax Expense

	Year ended March 31, 2019	Year ended March 31, 2019
Deferred tax	6,624	8,746
Total deferred tax expense/(benefit)	6,624	8,746

Note 13: Earnings per share (EPS)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Basic and Diluted EPS		
Profit attributable to the equity holders of the company used in calculating basic and diluted EPS:	(18,209)	2,995
Weighted average number of equity shares used as the denominator in calculating basic and diluted EPS	50,000	50,000
Basic and Diluted EPS attributable to the equity holders of the company (Rs.)	(0.36)	0.06
Nominal value of shares (Rs.)	10	10



Note 1: Corporate Information

Solar Defence Systems Limited (the 'Company') is a company domiciled in India, with its registered office situated in Nagpur. The Company has been incorporated under the provisions of Indian Companies Act and is a wholly owned subsidiary of Solar Industries India Limited, which is listed in India.

Note 2: Significant accounting policies

2.1 Basis of preparation

The financial statements of the Company have been prepared on an accrual basis and under the historical cost convention. The accounting policies are consistently applied by the Company during the year and are consistent with those used in the previous year.

Statement of compliance

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

Current and non-current classification

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle (twelve months) and other criteria set out in Schedule III to the Act.

2.2 Summary of significant accounting policies

a. Use of estimates:-

The preparation of the financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and disclosure of contingent liabilities at the end of year. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.



b. Property, Plant and Equipment :-

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

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

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

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

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

c. Financial instruments :

i) Investments and other financial assets

Classification

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

- those to be measured subsequently at fair value (either through other comprehensive income, or through the Statement of Profit and Loss), and
- those measured at amortised cost

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

Measurement

At initial recognition, the Company measures a financial asset at its fair value. Transaction costs of financial assets carried at fair value through the Profit and Loss are expensed in the Statement of Profit and Loss.

A. Debt instruments:

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. The Company classifies its debt instruments into following categories:



1. Amortized cost:

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in other income using effective interest rate method.

2. Fair value through profit and loss:

Assets that do not meet the criteria of amortized cost are measured at fair value through Profit and Loss. Interest income from these financial assets is included in other income.

B. Equity instruments:

The Company measures its equity investment other than in subsidiaries and associates at fair value through profit and loss. However where the Company's management makes an irrevocable choice on initial recognition to present fair value gains and losses on specific equity investments in other comprehensive income (currently no such choice made), there is no subsequent reclassification, on sale or otherwise, of fair value gains to the statement of profit and loss.

ii) **Financial liabilities**

Classification

The Company will classify its financial liabilities in the following measurement categories:

- those to be measured subsequently at fair value through the Statement of Profit and Loss, and
- those measured at amortized cost

Measurement

A. Financial liabilities at amortized cost

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

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

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



iii) **Impairment of financial assets**

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

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

d. **Revenue:**

Revenue will be recognized to the extent that it will be probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made.

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

i) **Interest Income**

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



e. Income taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in statement of profit and loss.

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

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

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

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

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

Minimum alternate tax (MAT) credit is recognized as deferred tax asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount is written down to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

f. Earnings per share (EPS)

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

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



The number of shares and potential dilutive equity shares are adjusted retrospectively for all periods presented for any bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

g. Provisions :

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

h. Contingent liability :-

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably.

i. Cash and cash equivalents :-

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

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



Solar Defence Systems Limited

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Note 14: Related Party Disclosures

A Names of related parties and related party relationship :

I Holding Company

Solar Industries India Limited

II Key Management Personnel (KMP)

- 1 Shri Satyanarayan Nuwal
- 2 Shri Kailashchandra Nuwal
- 3 Shri Manish Nuwal

III Key Management Personnel of Holding Company

- 1 Shri Suresh Menon
- 2 Shri Anil Kumar Jain
- 3 Shri Nilesh Panpaliya
- 4 Smt. Khushboo Pasari

IV Subsidiaries, step down subsidiaries and associates of Holding Company

Indian Subsidiaries

- 1 Economic Explosives Limited
- 2 Emul Tek Private Limited
- 3 Solar Defence Limited. - (Note 1)
- 4 Blastec (India) Private Limited

B. Overseas Subsidiary

- 1 Solar Overseas Mauritius Limited

Overseas Step down Subsidiaries

- 1 Solar Overseas Netherlands B.V. - (a)
- 2 Nigachem Nigeria Limited - (a)
- 3 Solar Explochem Zambia Limited - (a)
- 4 Solar Mining Services Pty Limited - (South Africa) (a)
- 5 P.T. Solar Mining Services - (Note 1) & (b)
- 6 Solar Explochem (Ghana) Limited - (Note 2) & (b)
- 7 Solar Patlayici Maddeler Sanayi Ve Ticaret Anonim Sirketi - (b)
- 8 Solar Madencilik Hizmetleri A.S (b)
- 9 Solar Nitro Ghana Limited - (Note 1) & (b)
- 10 PATSAN Patlayici Maddeler Sanayi Ve Ticaret Anonim Sirketi - (Note 2) & (b)
- 11 Solar Overseas Netherlands Cooperative U.A - (c)
- 12 Solar Overseas Singapore Pte Ltd. - (c)
- 13 Solar Industries Africa Limited - (c)
- 14 Solar Industrias Mozambique LDA - (Note 3) & (c)
- 15 Solar Nitro Zimbabwe (Private) Limited (Note 1 & 4) & (c)
- 16 Solar Nitrochemicals Limited -(Note 1) & (d)
- 17 Solar Mining Services Pty Ltd. (Australia) - (e)

C. Associates

- 1 Solar Bhatgaon Extension Mines Pvt. Limited - (Note 1)
- 2 SMS Bhatgaon Mines Extension Pvt. Limited - (Note 1)

V Enterprises, over which control or significant influence is exercised by individuals listed in 'II' or 'III' above

- 1 Mahakal Infrastructures Private Limited (Note 5)
- 2 Mahakal Project Private Limited (Note 5)
- 3 Nagpur Infrastructure Private Limited
- 4 Solar Processors (Bhilwara) Limited
- 5 Gulmohar Developers and Constructions Private Limited



- 6 Sun Developers and Constructions Private Limited
- 7 Sunbeam Developers and Constructions Private Limited
- 8 Sundrop Realtors Private Limited (Note 5)
- 9 Sunland Infracon Private Limited (Note 5)
- 10 Sunlight Infracore Private Limited (Note 5)
- 11 Commercial Sales Corporation
- 12 Sundrop Developers and Ventures LLP
- 13 Solar Synthetics Private Limited
- 14 Solar Enlightenment Foundation

VI Entities with joint control or significant influence over the entity

- 1 Astra Resources (Pty) Limited

Note 1: The Entity has not commenced its business operations

Note 2: The entity is under liquidation

Note 3: The entity is Liquidated on October 18, 2018.

Note 4: The entity is incorporated on October 10, 2018.

Note 5: The entity is under Process of Striking Off

- (a) Majority owned and controlled subsidiaries of Solar Overseas Netherlands Cooperatie U.A
- (b) Majority owned and controlled subsidiaries of Solar Overseas Netherlands B.V.
- (c) Majority owned and controlled subsidiaries of Solar Overseas Mauritius Limited
- (d) Majority owned and controlled subsidiaries of Solar Industries Africa Limited
- (e) Majority owned and controlled subsidiaries of Solar Overseas Singapore PTE Ltd.



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The following details pertain to transactions carried out with the related parties in the ordinary course of business

Nature of Transaction	March 31, 2019	March 31, 2018
Transactions with holding company		
Share capital issued during the year	-	-

Note 15: Segment Information

The Board of Directors of the Company have been identified as the Chief Operating Decision Maker (CODM) as defined by Ind AS 108. The CODM evaluates the Company's performance and allocates the resources. Currently Company has not commenced any operations.

Geographical Information

Currently there is no revenue and hence there are no reportable geographical segments.



Note 16: Fair Value Measurements

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

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

- 1 The Company has not disclosed the fair values of financial instruments such as cash and cash equivalents because their carrying amounts are a reasonable approximation of fair value. Further, for financial assets, the Company has taken into consideration the allowances for expected credit losses and adjusted the carrying values where applicable.
- 2 For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

A. Fair Value Hierarchy

Level 1- Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2- Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3- Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable

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

	Carrying Value	Notes	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets					
Amortised cost					
Cash and cash equivalents	48,905	6	-	-	-
Fair value through profit or loss					
Investment in mutual fund	4,16,218	3	4,16,218	-	-
Total Financial assets	4,65,123		4,16,218	-	-
Financial liabilities					
Other Current Liabilities	20,700	9	-	-	-
Total Financial liabilities	20,700		-	-	-

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

	Carrying Value	Notes	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets					
Amortised cost					
Cash and cash equivalents	38,895	6	-	-	-
Fair value through profit or loss					
Investment in mutual fund	4,33,966	3	4,33,966	-	-
Total Financial assets	4,72,861		4,33,966	-	-
Financial liabilities					
Other Current Liabilities	5,900	9	-	-	-
Total Financial liabilities	5,900		-	-	-



Note 17: Financial risk management objectives and policies

The Company is not a operational entity and hence not much exposed to financial risks. It has an integrated financial risk management system which proactively identifies monitors and takes precautionary and mitigation measures in respect of various identified risks. The Holding Company's finance team manages the financial risk of the Company.

The Company is exposed to market risk, credit risk and liquidity risk. The Holding company's senior management oversees the management of these risks, which evaluates and exercises independent control over the entire process of financial risks. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken.

The following table mentions the risk the Company is exposed to and how it manages it

Risk	Exposure arising from	Measurement	Management
Market Risk- Interest rate risk	Borrowings	Sensitivity Analysis	Interest Rate Swaps
	Term Deposits		
Market Risk-Foreign Exchange	Recognised financial assets and liabilities not denominated in INR	Cash Flow Analysis	Forward Foreign Exchange Contracts
		Sensitivity Analysis	
Market Risk- Equity price risk	Investment in Mutual Fund	Sensitivity Analysis	Portfolio Diversification
Credit Risk	Cash and Cash equivalents, loans given, trade receivables and investments	Ageing Analysis	Diversification of credit limits and letters of credit
		Credit Analysis	
Liquidity Risk	Borrowing and other liabilities	Cash Flow forecasts	Availability of credit limits and borrowing facilities

Market Risk

Market Risk is the risk that the future value of a financial instrument will fluctuate due to moves in the market factors. The most common types of market risks include

- Interest rate risk,
- foreign currency risk and
- equity price risk.

Market risk is attributable to all market risk sensitive financial instruments. The finance department undertakes management of cash resources and ensuring compliance with market risk limits.

Interest Rate Risk

Interest rate risk is the risk that the future cash flows or the fair value of a financial instrument will fluctuate because of changes in market interest rates.

There is no borrowing in the company and hence no interest rate risk.

Foreign Currency Risk

There is no foreign Currency Borrowing in the company and hence no foreign currency Risk

Equity price risk

The Company's investments in mutual funds are subject to market price risk arising from uncertainties about future values of the invested securities. The Company manages the equity price risk through diversification. The portfolio reports are submitted to senior management on regular basis and the board of directors reviews and approves all investments.

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

Particulars	March 31, 2019	March 31, 2018
Investment in mutual funds (ICICI Prudential Liquid Fund)	4,16,218	4,33,966

The impact of increases/ decreases of the BSE/ NSE index on the Company's equity shares and mutual funds and gain/ loss for the period would be Rs. 4,163 (March 31, 2018: Rs. 4,340). The analysis is based on the assumption that the index has increased by 1% or decreased by 1% with all other variables held constant, and that all the Company's investments having price risk moved in line with the index.

Credit risk



Solar Defence Systems Limited

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

(All amounts in Rupees , unless otherwise stated)

Credit risk arises from the possibility that the counter party may not be able to settle their obligation as agreed. To manage this, the Company periodically assesses financial reliability of customers and other counter parties, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of financial assets. Individual risk limits are periodically reviewed on the basis of such information.

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

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

Liquidity risk

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

Maturity profile of financial liabilities

There are no outstanding financial liabilities as at the year end.



Solar Defence Systems Limited
Notes to Financial Statements for the year ended March 31, 2019
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Note 18: Capital Management

For the purpose of company's capital management, capital includes issued share capital, share premium and all other equity reserves. The primary objective of capital management is to maximise shareholder value. The company consider the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and risk managements of the underlying assets.

The Company does not have any borrowings and hence gearing ratio has not been calculated.

As per our report of even date attached
For Gandhi Rathi & Co.
Chartered Accountants
Firm's Registration Number: 103031W



C. N. Rathi
Partner
Membership no. 39895



Place: Nagpur
Date: May 8, 2019

For and on behalf of the Board of Directors of
Solar Defence Systems Limited



S.N. Nuwal
Director
DIN: 00713547



Manish Nuwal
Director
DIN: 00164388