



**GANDHI RATHI & CO.**  
**CHARTERED ACCOUNTANTS**

PAREKH CENTRE, 3RD FLOOR, OPP. DAGA  
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**INDEPENDENT AUDITOR'S REPORT**

To the Members of **Solar Defence Limited**

**Report on the Financial Statements**

1. We have audited the accompanying financial statements of Solar Defence Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

2. 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 to give a true and fair view of the financial position, financial performance (including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) 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.

**Auditors' Responsibility**

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act and the Rules made there under including the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.
5. We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements 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 misstatement.



6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditors' 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### **Opinion**

8. 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, of the state of affairs of the Company as at March 31, 2018, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

### **Other Matter**

### **Report on Other Legal and Regulatory requirements**

9. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act ("the Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. As required by Section 143 (3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
  - c. The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
  - d. In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
  - e. On the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 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 A" to this report.

- g. With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
- I. The Company has disclosed the impact, if any, of pending litigations as at March 31, 2018 on its financial position in its financial statements.
  - II. The Company has no long-term contracts for which there were material foreseeable losses.
  - III. There were no amounts which were 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: April 16, 2018



**"Annexure A" referred to in the Independent Auditor's report of even date on the financial statements of Solar Defence Limited**

**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 Limited** ("the Company") as of March 31, 2018 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 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 authorisations of management and directors of the company; and
  - c. provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## Inherent Limitations of Internal Financial Controls Over Financial Reporting

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, 2018, 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.

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



C.N. Rathi  
Partner  
Membership No. 39895

Place: Nagpur  
Date: April 16, 2018



**"Annexure B" referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory requirements" of our report of even date.**

**Re: Solar Defence Limited ("the Company")**

- i. The Company does not have any fixed assets as on the Balance Sheet date. Accordingly, the provisions of clause 4 (i) (a), (b) and (c) of the Order are not applicable to the Company.
- ii. The Company does not have any inventory. Accordingly, clause 4 (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 to which the provisions of Sections 73, 74, 75 and 76 or any other relevant provisions of the Act and the Rules framed there under to the extent notified. Accordingly clause 3 (v) of the Order is 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.
  - i. 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, sales-tax, service tax, duty of custom, duty of excise, value added tax, local body tax, 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, sales-tax, service tax, duty of custom, duty of excise, value added tax, local body tax, goods & service tax, cess 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. There are no disputed dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax or goods & service tax which has not been deposited with the relevant authority.
- ii. According to the records of the Company examined by us and the information and explanation given to us, the Company did not have any outstanding dues in respect of debenture holders, loan or borrowings from banks or financial institutions or Government.
- iii. In our opinion and according to the information and explanations given by the management, the Company has not availed any term loan from bank. The Company has not raised money by way of



Initial Public offer or further public offer (including debt instruments).

- iv. 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 have we been informed of any such case by the Management.
- v. 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.
- vi. 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.
- vii. 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 Act where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- viii. 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.
- ix. 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 Act. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- x. 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: April 16, 2018



Solar Defence Limited  
 Balance Sheet as at March 31, 2018  
 (All amounts in Rupees, unless otherwise stated)

Balance Sheet as at	Notes	March 31, 2018	March 31, 2017
<b>ASSETS</b>			
<b>Non-current assets</b>			
Financial assets			
Investments	3	433,966	406,495
<b>Total non-current assets</b>		<b>433,966</b>	<b>406,495</b>
<b>Current assets</b>			
Financial assets			
Cash and cash equivalents	4	35,945	55,325
<b>Total current assets</b>		<b>35,945</b>	<b>55,325</b>
<b>Total assets</b>		<b>469,911</b>	<b>461,820</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	5	500,000	500,000
Other equity		(44,735)	(48,905)
<b>Total equity</b>		<b>455,265</b>	<b>451,095</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Other current liabilities	6	5,900	10,725
Deferred Tax Liability	7	8,746	-
<b>Total current liabilities</b>		<b>14,646</b>	<b>10,725</b>
<b>Total liabilities</b>		<b>14,646</b>	<b>10,725</b>
<b>Total equity and liabilities</b>		<b>469,911</b>	<b>461,820</b>

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

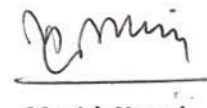
For and on behalf of the Board of Directors of  
**Solar Defence Limited**



**C. N. Rathi**  
 Partner  
 Membership No.39895






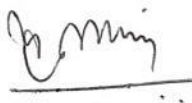
  
**S.N. Nuwal**  
 Director

  
**Manish Nuwal**  
 Director

Place: Nagpur  
 Date: April 16, 2018



**Solar Defence Limited**  
**Statement of Profit and Loss for the period ended March 31, 2018**  
**(All amounts in Rupees, unless otherwise stated)**

Statement of Profit and Loss for the	Notes	Year ended March 31, 2018	Year ended March 31, 2017
Other income	8	27,471	6,495
<b>Total income</b>		<b>27,471</b>	<b>6,495</b>
<b>Expenses</b>			
Other expenses	9	14,555	7,800
<b>Total expenses</b>		<b>14,555</b>	<b>7,800</b>
<b>Profit &amp; Loss before tax</b>		<b>12,916</b>	<b>(1,305)</b>
<b>Tax expense</b>			
Current tax		-	-
Deferred tax	10	8,746	-
<b>Total tax expense</b>		<b>8,746</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>4,170</b>	<b>(1,305)</b>
<b>Earnings per equity share</b>			
Basic and Diluted earnings per share [Nominal value of Rs.10]	11	0.08	(0.03)
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			
<b>For Gandhi Rathi &amp; Co.</b>		<b>For and on behalf of the Board of Directors of</b>	
Chartered Accountants		<b>Solar Defence Limited</b>	
Firm's Registration Number: 103031W			
			
<b>C. N. Rathi</b>		<b>S.N. Nuwal</b>	<b>Manish Nuwal</b>
Partner		Director	Director
Membership No.39895			
Place: Nagpur			
Date: April 16, 2018			

Solar Defence Limited  
Statement of cash flows for the year ended March 31, 2018  
(All amounts in Rupees, unless otherwise stated)

	Year ended March 31, 2018	Year ended March 31, 2017
<b>Cash flow from operating activities</b>		
Profit before tax	12,916	(1,305)
<b>Operating profit before working capital changes</b>	<b>12,916</b>	<b>(1,305)</b>
Adjustments for		
Preoperative expenses	-	-
<b>Cash generated from operations</b>	<b>12,916</b>	<b>(1,305)</b>
Increase in other current liabilities	(4,825)	(12,175)
<b>Net cash inflow from operating activities</b>	<b>8,091</b>	<b>(13,480)</b>
<b>Cash flows from investing activities</b>		
Purchase & Sale of Investments	-	(400,000)
Fair Value change in Mutual Fund	(27,471)	(6,495)
<b>Net cash outflow from investing activities</b>	<b>(27,471)</b>	<b>(406,495)</b>
<b>Cash flows from financing activities</b>		
Decrease/ Increase in borrowings	-	(24,700)
<b>Net cash (outflow)/ inflow from financing activities</b>	<b>-</b>	<b>(24,700)</b>
<b>Net (decrease)/ increase in cash and cash equivalents</b>	<b>(19,380)</b>	<b>(444,675)</b>
Cash and cash equivalents at the beginning of the financial year	55,325	500,000
<b>Cash and cash equivalents at end of the year</b>	<b>35,945</b>	<b>55,325</b>

As per our report of even date attached  
For Gandhi Rathi & Co.

Chartered Accountants  
Firm's Registration Number: 103031W




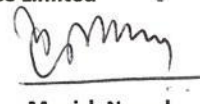
C. N. Rathi  
Partner  
Membership No.39895



Place: Nagpur  
Date: April 16, 2018

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

  
S.N. Nuwal  
Director

  
Manish Nuwal  
Director

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

**A. Equity share capital**

Particulars	No. of Shares	Amount
<b>As at April 1, 2017</b>	<b>50000</b>	<b>500,000</b>
Changes in equity share capital	-	-
<b>As at March 31, 2018</b>	<b>50000</b>	<b>500,000</b>

**B. Other equity**

Particulars	Retained Earnings	Total Other Equity
<b>Balance at April 1, 2017</b>	<b>(48,905)</b>	<b>(48,905)</b>
Profit for the year	4,170	4,170
<b>Balance as at March 31, 2018</b>	<b>(44,735)</b>	<b>(44,735)</b>

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 Limited**



**C. N. Rathi**  
Partner  
Membership No.39895



Place: Nagpur  
Date: April 16, 2018



**S.N. Nuwal**  
Director



**Manish Nuwal**  
Director

**Note 1: Corporate Information**

Solar Defence 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 except for certain financial instruments and initial recognition of assets acquired under business combinations which have been measured at fair value. The accounting policies are consistently applied by the Company during the year and are consistent with those used in the previous year except for the changes in accounting policies required to be made on adoption of Indian Accounting Standards notified under the Companies Act, 2013.

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

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

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

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

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

**c. Impairment of Property, Plant and Equipment and other intangible assets :**

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors.

An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

**d. 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. Amortised 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 amortised 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 amortised 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 classifies its financial liabilities in the following measurement categories:

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

### Measurement

#### A. Financial liabilities at amortised cost

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

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

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



**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.

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

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.

**e. Revenue:**

Revenue is recognized to the extent that it is 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. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

Based on the Educational Material on Ind AS 18 issued by the ICAI, the Company has assumed that recovery of excise duty flows to the Company on its own account. This is for the reason that it is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the Company on its own account, revenue includes excise duty only.

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

**i) Sale of goods**

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

**ii) 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.



**f. Inventories :-**

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

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

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

**g. 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.

**h. Segment reporting:-**

**(i) Identification of segment**

Operating segments are reported in the manner consistent with the internal reporting provided to the chief operating decision maker of the Company.

**(ii) Segment accounting policies**

The Company prepares its segment information in conformity with accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

**i. 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.

**j. 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.

**k. 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 Limited**  
**Notes to Financial Statements**  
**(All amounts in Rupees, unless otherwise stated)**

**Note 3: Non-current investments**

	Face value	Number of Units		Amount	
		March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
<b>Quoted Investment in mutual funds</b>					
ICICI Prudential Liquid- Direct Plan	Rs. 10	1,688.68	1,688.68	433,966	406,495
				<b>433,966</b>	<b>406,495</b>
Aggregate amount of quoted investments and market value thereof				433,966	406,495

**Note 4: Cash and cash equivalents**

	March 31, 2018	March 31, 2017
Balances with bank in current account	35,945	55,325
<b>Total cash and cash equivalents</b>	<b>35,945</b>	<b>55,325</b>



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

**Note 5: Equity share capital**

	Number of Shares		Amount	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Authorised equity share capital (face value Rs.10 each)	50,000	50,000	500,000	500,000
	50,000	50,000	500,000	500,000
Issued, Subscribed and fully paid share capital (face value Rs.10 each)	50,000	50,000	500,000	500,000
	50,000	50,000	500,000	500,000

**(a) Movements in equity share capital**

	Number of Shares		Amount	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Number of Shares at the beginning of the year	50,000	50,000	500,000	500,000
<b>Number of Shares at the end of the year</b>	<b>50,000</b>	<b>50,000</b>	<b>500,000</b>	<b>500,000</b>

**(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**

	Number of Shares		Amount	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
<b>Ultimate holding/ Holding Company</b>				
Solar Industries India Limited (par value Rs.10 each fully paid)	50,000	50,000	500,000	500,000
	50,000	50,000	500,000	500,000

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

Name of the shareholder	% holding		No of shares	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
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 Limited  
Notes to Financial Statements  
(All amounts in Rupees, unless otherwise stated)

**Note 6: Other current liabilities**

	March 31, 2018	March 31, 2017
Audit Fees Payable	5,900	10,725
	<b>5,900</b>	<b>10,725</b>

**Note 7 : Deferred tax liability**

The balance comprises temporary differences attributable to:

	March 31, 2018	March 31, 2017
On account of financial assets measured at fair value through profit and loss (mutual fund investments)	8,746	-
	<b>8,746</b>	<b>-</b>



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

**Note 8: Other income**

	Year ended March 31, 2018	Year ended March 31, 2017
Net gain on financial assets mandatorily measured at fair value through profit or loss	27471	6,495
	<b>27,471</b>	<b>6,495</b>

**Note 9: Other expenses**

	Year ended March 31, 2018	Year ended March 31, 2017
Legal expenses	1575	2,800
Payments to auditors- audit fees	5900	5,000
Payments to auditors- Other Capacity	7080	-
	<b>14,555</b>	<b>7,800</b>

**Note 10: Tax Expense**

	March 31, 2018	March 31, 2017
<i>Deferred tax</i>	8,746	-
<b>Total deferred tax expense/(benefit)</b>	<b>8,746</b>	<b>-</b>

**Note 11: Earnings per share (EPS)**

	Year ended March 31, 2018	Year ended March 31, 2017
<b>Basic and Diluted EPS</b>		
Profit attributable to the equity holders of the company used in calculating basic and diluted EPS:	4,170	(1,305)
Weighted average number of equity shares used as the denominator in calculating basic and diluted EPS	50,000	50,000
<b>Basic and Diluted EPS attributable to the equity holders of the company (Rs.)</b>	<b>0.08</b>	<b>(0.03)</b>
Nominal value of shares (Rs.)	10.00	10.00



**Note 12: 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 S.N. Nuwal
- 2 Shri K C Nuwal
- 3 Shri Manish Nuwal

**III Key Management Personnel of Holding Company**

- 1 Shri R D Vakil
- 2 Shri A.K. Jain
- 3 Shri Nilesh Panpaliya
- 4 Smt Khushboo Pasari

**IV Subsidiaries, step down subsidiaries and associates of Holding Company**

- 1 Solar Overseas Mauritius Limited
- 2 Economic Explosives Limited
- 3 Emul Tek Pvt. Limited
- 4 Solar Defence Systems Limited. - (Note 1)
- 5 Solar Mines & Minerals Limited - (Note 4)
- 6 Solar Mining Resources Limited - (Note 4)
- 7 Blastec India Private Limited
- 8 Solar Overseas Netherlands Cooperative U.A - (c)
- 9 Solar Overseas Singapore Pte Limited - (c)
- 10 Solar Industries Africa Limited- (c)
- 11 Solar Mining Services Pty Limited (Formerly known as Australian Explosives Technologies Group Pty Limited)-(e)
- 12 Solar Overseas Netherlands B.V. - (a)
- 13 Solar Nitro chemicals Limited -(Note 1) & (d)
- 14 P.T. Solar Mining Services - (Note 1) & (b)
- 15 Solar Explochem (Ghana) Limited - (Note 2) & (b)
- 16 Solar Industries Mozambique LDA - (c)
- 17 Nigachem Nigeria Limited - (a)
- 18 Solar Explochem Zambia Limited - (a)
- 19 Solar Mining Services Pty Limited - (a)
- 20 Solar Patlayici Maddeler Sanayi Ve Ticaret Anonim Sirketi - (b)
- 21 PATSAN Patlayici Maddeler Sanayi Ve Ticaret Anonim Sirketi - (Note 3) & (b)
- 22 Solar Bhatgaon Extension Mines Pvt. Limited - (Note 1)
- 23 SMS Bhatgaon Mines Extension Pvt. Limited - (Note 1)
- 24 Solar Nitro Ghana Limited -(b)
- 25 Solar Madencilik Hizmetleri A.S -(b)

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

- 1 Mahakal Infrastructures Private Limited
- 2 Mahakal Project Private Limited
- 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
- 9 Sunland Infracon Private Limited
- 10 Sunlight Infraventures Private Limited
- 11 Commercial Sales Corporation
- 12 Solar Initiating Systems Limited - (Note 4)
- 13 Solar Synthetics Private Limited
- 14 Sundrop Developers and Ventures LLP

Note 1: The Entity has not commenced its business operations.

Note 2: During the financial year under review, in continuation of the efforts to realign the group structure and consolidate the multi layered structure, the board has decided to dissolve these companies.

Note 3: Under Liquidation

Note 4: Merged with Economic Explosives Limited with effect from April 1, 2017 as per order received from NCLT

- (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 Limited.



**Solar Defence Limited**

**Notes to Financial Statements for the year ended March 31, 2018**

**(All amounts in Rupees , unless otherwise stated)**

The following details pertain to transactions carried out with the related parties in the

<b>Nature of Transaction</b>	<b>March 31, 2018</b>	<b>March 31, 2017</b>
<b>Transactions with holding company</b>		
Loan (repaid)/ taken during the year	0	(24,700)

**Note 13: 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 14: 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 and current borrowings 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, 2018** is as follows:

	Carrying Value	Notes	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Financial assets</b>					
<b>Amortised cost</b>					
Cash and cash equivalents	35,945	4	-	-	-
<b>Fair value through profit or loss</b>					
Investment in mutual fund	433,966	3	433,966	-	-
<b>Total Financial assets</b>	<b>469,911</b>		<b>433,966</b>	-	-
<b>Financial liabilities</b>	-		-	-	-
Trade payables	5,900	7	-	-	-
<b>Total Financial liabilities</b>	<b>5,900</b>		-	-	-

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

The carrying value and fair value of financial instruments by categories including the quantitative disclosures of fair value measurement hierarchy as at **March 31, 2017** is as follows:

	Carrying Value	Notes	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Financial assets</b>					
<b>Amortised cost</b>					
Cash and cash equivalents	55,325	4	-	-	-
<b>Fair value through profit or loss</b>					
Investment in mutual fund	406,495	3	406,495	-	-
<b>Total Financial assets</b>	<b>461,820</b>		<b>406,495</b>	-	-
<b>Financial liabilities</b>	-		-	-	-
Trade payables	10,725	7	-	-	-
<b>Total Financial liabilities</b>	<b>10,725</b>		-	-	-

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



**Note 15: 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, hedging strategies for foreign currency exposures, borrowing mechanism and ensuring compliance with market risk limits

**Interest Rate Risk**

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

The Company has borrowed the funds from its holding company with fixed rate of Interest and hence no significant 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, 2018	March 31, 2017
Investment in mutual funds (ICICI Prudential Liquid Fund)	433,959	406,495

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. 4,339 (March 31, 2017: Rs. 4065). The analysis is based on the assumption that the index has increased by 1% or decreased by 1% with all other variables held constant, and that all the Company's investments having price risk moved in line with the index.



### **Credit risk**

Credit risk 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.

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

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

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

### **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.



**Solar Defence Limited**

**Notes to Financial Statements for the year ended March 31, 2018**

**(All amounts in Rupees , unless otherwise stated)**

**Note 16: 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 does not borrow funds unless circumstances require.

**For Gandhi Rathi & Co.**

Chartered Accountants

Firm's Registration Number: 103031W



**C. N. Rathi**  
Partner

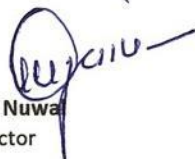
Membership No.39895

Place: Nagpur

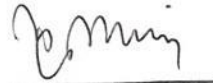
Date: April 16, 2018



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



**S.N. Nuwal**  
Director



**Manish Nuwal**  
Director