



AKSHAY RATHI & ASSOCIATES
CHARTERED ACCOUNTANTS

601, VIGNESH SQUARE, OPP. DINANATH
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INDEPENDENT AUDITOR'S REPORT

To the Members of

Solar Avionics Limited

Report on the Audit of the Financial Statements

Opinion

1. We have audited the accompanying financial statements of **Solar Avionics Limited** ("the Company"), which comprise the balance sheet as at March 31, 2021 and the statement of Profit and Loss (including the statement of other comprehensive income), the statement of cash flows and statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.
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, 2021, 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 of the financial statement 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

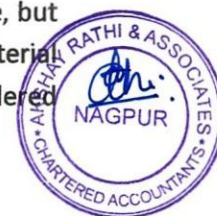
4. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, but does not include the financial statements and our auditor's report thereon.
5. Our opinion on the financial 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 India Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (India Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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 management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management 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 with reference to financial statements 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 including the statement of other comprehensive income, the Statement of Cash Flow 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 Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended.
- (e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these financial statement 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, as amended 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, 2021 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 Akshay Rathi & Associates.

Chartered Accountants

Firm's Registration Number: 139703W

Akshay Rathi
Proprietor
Membership No. 161910



Place: Nagpur

Date: May 25, 2021

UDIN : 21161910AAAACA8088

“Annexure A” to the Independent Auditors Report of even date on the financial statements of Solar Avionics Limited referred to in paragraph 1 under the heading “Report on Other Legal and Regulatory requirements” section of our report of even date.

- 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 not advanced loans to directors / to a company in which the Director is interested to which provisions of section 185 of the Act apply and hence not commented upon. There are no loans, guarantees and securities granted in respect of which provisions of section 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 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 or provident fund 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 the Company, 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 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.
- 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 as no managerial remuneration has been paid/provided. Accordingly, the provisions of Clause 3(xii) of the Order are not applicable to the Company 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 and hence not commented upon.
- xvi. According to the information and explanations given to us, the provisions of Section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For Akshay Rathi & Associates

Chartered Accountants

Firm's Registration Number: 139703W



Akshay Rathi
Proprietor
Membership No. 161910



Place: Nagpur

Date: May 25, 2021

UDIN: 21161910AAAACA8088

"Annexure B" referred to in the Independent Auditor's report of even date on the financial statements of Solar Avionics 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 Avionics Limited ("the Company") as of March 31, 2021 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). 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 with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the Guidance Note) and the Standards on Auditing as prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these financial statements 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 with reference to these financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's 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 with reference to these financial statements.



Meaning of Internal Financial Controls Over Financial Reporting with reference to these financial statements

6. A Company's internal financial control over financial reporting with reference to these financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these financial statements 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 with reference to these financial statements

7. Because of the inherent limitations of internal financial controls over financial reporting with reference to these financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to these financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these financial statements 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, in all material respects, an adequate internal financial controls system over financial reporting with reference to these financial statements and such internal financial controls over financial reporting with reference to these financial statements were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Akshay Rathi & Associates

Chartered Accountants

Firm's Registration Number: 109703W



Akshay Rathi

Proprietor

Membership No. 161910

Place: Nagpur

Date: May 25, 2021

UDIN: 21161910AAAACA8088




Solar Avionics Limited
 Balance Sheet as at March 31, 2021
 (All amounts in Rupees, unless otherwise stated)

	Notes	March 31,2021
ASSETS		
Non-current assets		
Financial assets		
Investments		-
Total non-current assets		-
Current assets		
Financial assets		
Cash & Cash Equivalent	3	2,96,000
Total current assets		2,96,000
Total assets		2,96,000
EQUITY AND LIABILITIES		
Equity		
Equity share capital	4	5,00,000
Other equity	4A	(2,09,000)
Total equity		2,91,000
LIABILITIES		
Current Liabilities		
Other financial Liabilities	5	5,000
Total liabilities		5,000
Total equity and liabilities		2,96,000

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

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


Akshay Rathi
 Proprietor
 Membership No.: 161910



Place: Nagpur
 Date: May 25, 2021

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


Manish Nuwal
 Director


A K Jain
 Director

Solar Avionics Limited
Statement of Profit and Loss for the Year ended March 31, 2021
(All amounts in Rupees, unless otherwise stated)

	Notes	Year ended March 31, 2021
Other income		-
Total income		-
Expenses		
Other expenses	6	2,09,000
Total expenses		2,09,000
Profit & Loss before tax		(2,09,000)
Tax expense		
Income Tax		-
Deferred tax		-
Total tax expense		-
Total comprehensive income for the year		(2,09,000)
Earnings per equity share		
Basic and Diluted earnings per share	7	(4.18)

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 Akshay Rathi & Associates

Chartered Accountants

ICAI Firm's Registration Number: 139703W



Akshay Rathi
Proprietor
Membership No.: 161910



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



Manish Nuwal
Director



A K Jain
Director


Place: Nagpur

Date: May 25, 2021

Solar Avionics Limited
Statement of cash flows for year ended March 31, 2021
(All amounts in Rupees, unless otherwise stated)

	Year ended March 31, 2021
Cash flow from operating activities	
Profit before tax	(2,09,000)
Operating profit before working capital changes	(2,09,000)
Increase in other current liabilities	5,000
Cash generated from operations	(2,04,000)
Income taxes paid (net)	-
Net cash flows from/ (used in) operating activities	(2,04,000)
Cash flows from financing activities	
Proceed from Issue of Shares	5,00,000
Net cash flows from/ (used in) financing activities	5,00,000
Net (decrease)/ increase in cash and cash equivalents	2,96,000
Add :Cash and cash equivalents at the beginning of the financial year	-
Cash and cash equivalents at end of the year (refer note 3)	2,96,000

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


Akshay Rathi
Proprietor
Membership No.: 161910



Place: Nagpur
Date: May 25, 2021

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


Manish Nuwal
Director


A K Jain
Director

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

A. Equity share capital

	No. of Shares	Amount
As at April 1 , 2020	-	-
Changes in equity share capital	50,000	5,00,000
As at March 31 , 2021	50,000	5,00,000

B. Other equity

	Retained Earnings	Total Other Equity
As at April 1 , 2020	-	-
Profit/(Loss) for the year	(2,09,000)	(2,09,000)
As at March 31 , 2021	(2,09,000)	(2,09,000)

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



Akshay Rathi
Proprietor
Membership No.: 161910



Place: Nagpur
Date: May 25, 2021

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



Manish Nuwal
Director



A K Jain
Director

Note 1: Corporate Information

Solar Avionics Limited (the 'Company'), is a company domiciled in India, with its registered office situated in Solar House, 14, Kachimet, Amravati Road, Nagpur, Maharashtra. 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 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.

Statement of compliance

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

Current and non-current classification

The Company presents assets and liabilities in the balance sheet based on current / non-current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is treated as current when it is:

- Expected to be settled in normal operating cycle
- Held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period



All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

2.2 Summary of significant accounting policies

a. Use of estimates:-

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 is disposed.

c. Depreciation and amortization

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

The Company, based on technical assessment made by technical expert and management estimate, depreciates certain items of property, plant and equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used. Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.



d. Financial instruments

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

i) 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 be 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 will apply Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on financial assets. The Company will measure 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 will depend on whether there has been a significant increase in credit risk.

ECL impairment loss allowance (or reversal) recognized during the period will be 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 will be 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.

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.

ii) Dividend

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



f. Tax Expenses

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

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

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

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

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

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

Sales/ value added taxes/ GST paid on acquisition of assets or on incurring expenses

Expenses and assets are recognized net of the amount of sales/ value added taxes/ GST paid, except:

- a) When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- b) When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Provision for uncertain income tax positions/treatments are recognized when it is considered probable that there will be a future outflow of funds to a taxing authority. This requires the application of judgement as to the ultimate outcome. Judgements mainly relates to treatment of incentives (e.g. sales tax incentive), expenditure deductible / disallowances for tax purpose.

g. 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.

h. 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.

i. 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.

j. 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.

k. Fair value measurement

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

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

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

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



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

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

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

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

I. Significant accounting estimates and assumptions

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

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.



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

Note 4: Equity share capital

	Number of Shares	Amount
	March 31, 2021	March 31, 2021
Authorised equity share capital (face value Rs.10 each)	10,00,000	1,00,00,000
	10,00,000	1,00,00,000
Issued, Subscribed and fully paid share capital (face value Rs.10 each)	50,000	5,00,000
	50,000	5,00,000

(a) Movements in equity share capital

	Number of Shares	Amount
	March 31, 2021	March 31, 2021
Number of Shares at the beginning of the year	-	-
Issued During the year	50,000	5,00,000
Number of Shares at the end of the year	50,000	5,00,000

(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 holder of equity share is entitled to one vote per share. 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 will be eligible to receive the remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

	Number of Shares	Amount
	March 31, 2021	March 31, 2021
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

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

Name of the shareholder	% holding March 31, 2021	No of shares March 31, 2021
Solar Industries India Limited	100	50000

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



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

Note : 4A Other equity	
Retained earnings	
	Amount
As at April 1, 2020	-
Add : Profit/(Loss) for the year	(2,09,000)
As at March 31, 2021	(2,09,000)



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

Note 3: Cash and Cash Equivalent

	March 31, 2021
Balances with bank in current account	2,96,000
	2,96,000

Note 5: Other financial liabilities

	March 31, 2021
Audit Fees Payable	5,000
	5,000



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

Note 6: Other expenses

	March 31, 2021
ROC Fees	2,04,000
Payments to auditors- audit fees (note 6a)	5,000
	2,09,000

Note 6(a): Details of payments to auditors

	Year ended Mar 31, 2021
Payments to auditors	
As auditors	
Audit Fees	5,000
	5,000

Note : 7 Earning per share

	March 31, 2021
Basic and Diluted EPS	
Profit attributable to the equity holders of the Company for basic and diluted EPS:	(2,09,000)
Weighted average number of equity shares used for basic and diluted EPS	50,000
Basic and Diluted EPS attributable to the equity holders of the company (Rs.)	(4.18)
Nominal value of shares (Rs.)	10.00



Solar Avionics Limited

Notes to Financial Statements for the year ended March 31, 2021

(All amounts in Rupees , unless otherwise stated)

Note 8: 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 Manish Nuwal (Managing Director and CEO)

2 Shri Anil Kumar Jain (Executive Director)

3 Shri Jogba Salve (Executive Director)

III Key Management Personnel of Holding Company

1 Shri Satyanarayan Nuwal (Chairman and Executive Director)

2 Shri Suresh Menon (Executive Director)

3 Shri Nilesh Panpaliya (Chief Financial Officer) (resigned w.e.f. May 14, 2021)

4 Smt Khushboo Pasari (Company Secretary and Compliance Officer)

IV Subsidiaries, step down subsidiaries and associates of Holding Company

Indian Subsidiaries

1 Economic Explosives Limited

2 Emul Tek Private Limited (Note 7)

3 Solar Defence Systems Limited. - (Note 1)

4 Solar Defence Limited. - (Note 1)

5 Blastec (India) Private Limited (Note 7)

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 Patlayıcı Maddeler Sanayi Ve Ticaret Anonim Sirketi - (b)

7 Solar Madencilik Hizmetleri A.S (b)

8 Solar Nitro Ghana Limited - (b)

9 PATSAN Patlayıcı Maddeler Sanayi Ve Ticaret Anonim Sirketi - (Note 3) & (b)

10 Solar Overseas Netherlands Cooperative U.A - (c)

11 Solar Overseas Singapore Pte Ltd. - (c)

12 Solar Industries Africa Limited - (c)

13 Laghe Venture Company Limited (Note 3) & (c)

14 Solar Nitro Zimbabwe (Private) Limited (Note 1) & (c)

15 Solar Nitrochemicals Limited -(Note 1) & (d)

16 Solar Mining Services Pty Ltd. (Australia) - (Note 6) & (e)

17 Solar Mining Services Cote d'Ivoire SARL (Note 1 & 4) & (e)

C. Associates

1 Solar Bhatgaon Extension Mines Pvt. Limited - (Note 5)

2 SMS Bhatgaon Mines Extension Pvt. Limited - (Note 5)

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 Developers and Ventures LLP
- 9 Solar Enlightenment Foundation

VI Entities with joint control or significant influence over the entity

- 1 Astra Resources (Pty) Limited

VII Other related party

- 1 Solar Industries India Limited employees group gratuity assurance scheme
- 2 Economic Explosives Limited employee group gratuity assurance scheme
(Post employment benefit plant of the company)

Note 1: The entity has not commenced its business operations

Note 2: The entity is under liquidation

Note 3: Overseas stepdown subsidiary of the Company w.e.f. September 05, 2019

Note 4: The entity is incorporated on November 04, 2019

Note 5: The entity is under Process of Striking Off

Note 6: Formerly known as Australian Explosives Technologies Group Pty Limited

Note 7: The Blastec (India) Private Limited is under the process of merger with Emul Tek Private Limited.

- (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.



Solar Avionics Limited

Notes to Financial Statements for the year ended March 31, 2021

(All amounts in Rupees , unless otherwise stated)

Note 9: 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 the Company has not commenced any operations.



Note 10: 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.
- 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 market data.

The carrying value and fair value of financial instruments by categories including the quantitative disclosures of fair value measurement hierarchy as at March 31, 2021 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	2,96,000	3	-	-	-
Financial liabilities					
Amortised cost	-		-	-	-
Other financial liabilities	5,000	5			



Note 11: 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 Loan		
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, trade payable 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.



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.

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. Currently there is no investment in the company.

Liquidity risk

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

Maturity profile of financial liabilities

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

	On Demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
March 31, 2021					
Other financial liabilities	-	5,000	-	-	5,000



Note 12: 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 considers 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 not calculated.

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



Akshay Rathi
Proprietor
Membership No.: 161910



Place: Nagpur
Date: May 25, 2021

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



Manish Nuwal
Director



A K Jain
Director