

**SOLAR OVERSEAS MAURITIUS LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED MARCH 31, 2016**

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**FOR THE YEAR ENDED MARCH 31, 2016**

**MANAGEMENT AND ADMINISTRATION**

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		Date of appointment	Date of resignation
<b>DIRECTORS:</b>	Virrsing Ramdeny	21-Aug-09	-
	Koosoom Newoor	21-Aug-09	-
	Satyanarayan Nuwal	2-Sep-09	-

**SECRETARY:** Associated Consultants Ltd  
Suite G12 St. James Court  
St. Denis Street, Port Louis  
Mauritius

**REGISTERED OFFICE:** Suite G12 St. James Court  
St. Denis Street, Port Louis  
Mauritius

**AUDITOR** Dwarka SOOCHIT, FCCA, FCMA, CGMA  
La Forge Avenue,  
Palma Road  
Quatre Bornes  
Mauritius.

**FOR THE YEAR ENDED MARCH 31, 2016**

**DIRECTORS' REPORT**

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The directors are pleased to present their annual report and audited financial statements of Solar Overseas Mauritius Limited for the year ended 31 March 2016.

**PRINCIPAL ACTIVITY**

The principal activity of the Company is international trading, provision of management and administrative services and investment holding activities.

**RESULTS AND DIVIDENDS**

The Company's profit for the year ended 31 March 2016 is **USD 136,748** (2015: Profit of USD1,891,620).

The directors do not recommend the payment of a dividend for the year under review.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

Company law requires the directors to prepare financial statements for each financial year which present fairly the financial position, financial performance and cash flows of the Company. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards have been followed and complied with, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors have confirmed that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Mauritian Companies Act 2001. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**AUDITOR**

The auditor, Dwarka Soochit, FCCA, FCMA, CGMA., has indicated his willingness to continue in office and will be automatically re-appointed at the next Annual Meeting.

**By Order of the Board**

  
**SECRETARY**

Date: 21 JUL 2016

**CERTIFICATE FROM THE SECRETARY  
UNDER SECTION 166(d) OF THE COMPANIES ACT 2001**

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We certify that, to the best of our knowledge and belief, the Company has filed with The Registrar of Companies, during the financial year ended March 31, 2016 all such returns as are required for a company under the Companies Act 2001.

*K. Newman*

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For and on behalf of Associated Consultants Ltd  
Company Secretary

Date: 21 JUL 2016

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS**

This report is made solely to the members of Solar Overseas Mauritius Limited (the "Company"), as a body, in accordance with the Companies Act 2001. My audit work has been undertaken so that I might state to the Company's members those matters I am required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for my audit work, for this report, or for opinions I have formed.

**Report on the Financial Statements**

I have audited the financial statements of Solar Overseas Mauritius Limited on pages 4 to 21 which comprise the statement of financial position at March 31, 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory notes.

*Directors' Responsibility for the Financial Statements*

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Companies Act 2001. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

*Auditors' Responsibility*

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

*Opinion*

In my opinion, the financial statements on pages 4 to 21 give a true and fair view of the financial position of the Company at March 31, 2016 and of its financial performance, changes in equity and its cash flow for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001, in as far as applicable to companies holding a Category 1 Global Business Licence.

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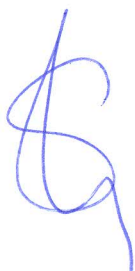
**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS**

**Report on Other Legal and Regulatory Requirements**

I have no relationship with or interests in the Company, other than in my capacity as auditors, tax and business advisers and dealings in the ordinary course of business.

I have obtained all information and explanations I have required.

In my opinion, proper accounting records have been kept by the Company as far as it appears from my examination of those records.



**Dwarka Soochit FCCA, FCMA, CGMA**

**Dwarka SOOCHIT F.C.C.A, F.C.M.A, C.G.M.A**  
Certified Accountant  
Licensed by FRC

La Forge Avenue,  
Palma Road  
Quatre Bornes  
Mauritius.

Date:- 21 JUL 2016

## STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2016

<u>ASSETS</u>	<u>Notes</u>	<u>2016</u> <u>USD</u>	<u>2015</u> <u>USD</u>
<b>Non-current assets</b>			
Investment in subsidiaries	7	11,499,309	10,469,309
Advances and application monies	8	549,339	534,278
Loan and advances	9(a)	4,038,225	107,195
		<u>16,086,873</u>	<u>11,110,782</u>
<b>Current assets</b>			
Loan and advances	9(b)	7,953,307	7,951,214
Accounts receivable	10	2,867,609	2,345,937
Cash and cash equivalents	11	2,266,444	123,685
		<u>13,087,360</u>	<u>10,420,836</u>
<b>TOTAL ASSETS</b>		<u><u>29,174,233</u></u>	<u><u>21,531,618</u></u>
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>Capital and reserves</b>			
Share capital	12	8,500,000	8,500,000
Revenue reserve		2,290,224	2,153,476
Shareholder's interest		<u>10,790,224</u>	<u>10,653,476</u>
<b>Non-current liabilities</b>			
Borrowings	13(a)	15,700,000	10,000,000
		<u>15,700,000</u>	<u>10,000,000</u>
<b>Current liabilities</b>			
Borrowings	13(b)	2,440,762	851,668
Accounts payable	14	239,024	14,100
Current tax liabilities	15	4,223	12,374
		<u>2,684,009</u>	<u>878,142</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>29,174,233</u></u>	<u><u>21,531,618</u></u>

Approved by the Board of Directors on 21 JUL 2016

  
Director

  
Director

The notes on pages 8 to 21 form an integral part of these financial statements.

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED MARCH 31, 2016**

	<u>Notes</u>	<u>2016</u> <u>USD</u>	<u>2015</u> <u>USD</u>
<b>INCOME</b>			
Interest income		834,877	793,526
Commission income		114,183	-
Other income		403,050	1,668,628
		<u>1,352,110</u>	<u>2,462,154</u>
<b>EXPENSES:</b>			
Administrative expenses		664,872	181,489
Bank and other Charges		259,663	154,180
Interest expense		281,404	170,414
Accounting and Audit fees		5,200	5,950
		<u>1,211,139</u>	<u>512,033</u>
<b>Profit before taxation</b>		140,971	1,950,121
Taxation	15	(4,223)	(58,501)
<b>Total comprehensive income for the year</b>		<u><u>136,748</u></u>	<u><u>1,891,620</u></u>

The notes on pages 8 to 21 form an integral part of these financial statements.



## STATEMENT OF CHANGES IN EQUITY - YEAR ENDED MARCH 31, 2016

	Ordinary Share Capital USD	Retained Earnings USD	Total USD
Balance at April 1, 2014	8,500,000	861,856	9,361,856
Profit for the year	-	1,891,620	1,891,620
Dividend paid	-	(600,000)	(600,000)
<b>Balance at March 31, 2015</b>	<b>8,500,000</b>	<b>2,153,476</b>	<b>10,653,476</b>
Profit for the year	-	136,748	136,748
<b>Balance at March 31, 2016</b>	<b>8,500,000</b>	<b>2,290,224</b>	<b>10,790,224</b>

The notes on pages 8 to 21 form an integral part of these financial statements.

## STATEMENT OF CASH FLOW - YEAR ENDED MARCH 31, 2016

	<u>Notes</u>	<u>2016</u> <u>USD</u>	<u>2015</u> <u>USD</u>
<b>Operating activities</b>			
Cash (used in)/generated from operations	16(a)	(125,566)	238,469
Net cash (used in)/generated from operating activities		<u>(125,566)</u>	<u>238,469</u>
<b>Investing activities</b>			
Purchase of investments		(1,045,061)	(218,767)
Loans & Advances		(3,933,124)	-
Interest received		50,637	900,076
Net cash flow from investing activities		<u>(4,927,548)</u>	<u>681,309</u>
<b>Taxation</b>			
Tax paid		(12,374)	(48,542)
		<u>(12,374)</u>	<u>(48,542)</u>
<b>Financing activities</b>			
Loan received		7,289,094	-
Interest paid		(80,847)	(206,447)
Dividend paid		-	(600,000)
Net cash flow from financing activities		<u>7,208,247</u>	<u>(806,447)</u>
<b>Net cash and cash equivalents</b>		<u><u>2,142,759</u></u>	<u><u>64,789</u></u>
<b>Movements in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of the year	16(b)	123,685	58,896
Cash and cash equivalents at end of the year		2,266,444	123,685
<b>Net cash and cash equivalents</b>		<u><u>2,142,759</u></u>	<u><u>64,789</u></u>

The notes on pages 8 to 21 form an integral part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2016**

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**1. CORPORATE INFORMATION**

Solar Overseas Mauritius Limited is a limited liability company incorporated and domiciled in Mauritius and has been granted a Category 1 Global Licence under the Financial Services Act, 2007.

The company is engaged in international trading, provision of management and administrative services and investment holding activities.

The address of its registered office is Suite G12, St. James Court, St. Denis Street, Port Louis, Mauritius.

**2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)**

**2.1 Amendments to IFRSs and the new Interpretation that are mandatorily effective for the current year**

In the current year, the Company has applied a number of amendments to IFRSs and a new Interpretation issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2014.

▪ *Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities*

The Company has applied the amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities for the first time in the current year. The amendments to IAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of ‘currently has a legally enforceable right of set-off’ and ‘simultaneous realisation and settlement’.

The amendments have been applied retrospectively. As the Company does not have any financial assets and financial liabilities that qualify for offset, the application of the amendments has had no impact on the disclosures or on the amounts recognised in the Company’s financial statements. The Company has assessed whether certain of its financial assets and financial liabilities qualify for offset based on the criteria set out in the amendments and concluded that the application of the amendments has had no impact on the amounts recognised in the Company’s financial statements.

▪ *Amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets*

The Company has applied the amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets for the first time in the current year. The amendments to IAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by IFRS 13 Fair Value Measurements.

The application of these amendments has had no material impact on the disclosures in the Company’s financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2016**

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**2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (continued)**

**2.1 Amendments to IFRSs and the new Interpretation that are mandatorily effective for the current year (continued)**

- *Amendments to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting*  
The Company has applied the amendments to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting for the first time in the current year. The amendments to IAS 39 provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measurement of hedge effectiveness.

The amendments have been applied retrospectively. As the Company does not have any derivatives that are subject to novation, the application of these amendments has had no impact on the disclosures or on the amounts recognised in the Company's financial statements.

- *IFRIC 21 Levies*  
The Company has applied IFRIC 21 Levies for the first time in the current year. IFRIC 21 addresses the issue as to when to recognise a liability to pay a levy imposed by a government. The Interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The Interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period.

IFRIC 21 has been applied retrospectively. The application of this Interpretation has had no material impact on the disclosures or on the amounts recognised in the Company's financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2016**

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**2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (continued)**

**2.2 New and revised IFRSs in issue but not yet effective**

The Company has not applied the following new and revised IFRSs and IAS that have been issued but are not yet effective:

- Amendments to IFRS 5                      Non-current Assets Held for Sale and Discontinued Operations - Amendments resulting from September 2014 Annual Improvements to IFRSs

*Effective for annual periods beginning on or after 1 January 2016*

- Amendments to IFRS 9                      Financial Instruments - Final version, incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition

*Effective for annual periods beginning on or after 1 January 2018.*

- Amendments to IFRS 12                      Disclosure of Interests in Other Entities - Amendments regarding the application of the consolidation

*Effective for annual periods beginning on or after 1 January 2016.*

- Amendments to IFRS 15                      Revenue from Contracts with Customers - Amendments to defer the effective date to 1 January 2018.

*Effective for annual periods beginning on or after 1 January 2018.*

- Amendments to IAS 1                      Presentation of Financial Statements - Amendments resulting the disclosure initiative.

*Effective for annual periods beginning on or after 1 January 2016.*

- Amendments to IAS 16                      Property, Plant and Equipment - Amendments regarding the clarification of acceptable methods of depreciation and amortisation.

*Effective for annual periods beginning on or after 1 January 2016.*

- Amendments to IAS 16                      Property, Plant and Equipment - Amendments bringing bearer plants into the scope of IAS 16

*Effective for annual periods beginning on or after 1 January 2016.*

- Amendments to IAS 27                      Separate Financial Statements (as amended in 2011) - Amendments reinstating the equity method option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements

*Effective for annual periods beginning on or after 1 January 2016.*

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2016**

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**2.2 New and revised IFRSs and IASs in issue but not yet effective (continued)**

- Amendments to IAS 28 Investments in Associates and Joint Ventures - Amendments regarding the application of the consolidation exception.  
*Effective for annual periods beginning on or after 1 January 2016.*
- Amendments to IAS 28 Investments in Associates and Joint Ventures - Amendments deferring the effective date of September 2014 amendments.  
*Effective for annual periods is immediately.*
- Amendments to IAS 28 Investments in Associates and Joint Ventures - Amendments regarding the clarification of acceptable methods of depreciation and amortisation.  
*Effective for annual periods beginning on or after 1 January 2016.*

The directors anticipate that the application of these Standards and Interpretations on the above effective dates in future periods will have no material impact on the financial statements of the Company.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies adopted in the preparation of these financial statements are set out below:

**(a) Basis of preparation**

The financial statements have been prepared under the Historical Cost Convention adjusted to fair value where applicable, and in accordance with International Financial Reporting Standards (IFRS).

The functional and presentation currency of the financial statements are US Dollar (USD) rounded to the nearest US Dollar.

The preparation of financial statements in accordance with IFRSs requires the directors and management to exercise judgement in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions that may affect the reported amounts and disclosures in the financial statements. Judgements and estimates are continuously evaluated and are based on historical experience and other factors, including expectations and assumptions concerning future events that are believed to be reasonable under the circumstances. The actual could differ from the related accounting estimates.

Where applicable, the notes to the financial statements set out areas where management has applied a higher degree of judgement that have a significant effect on the amounts recognised in the financial statements, or estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2016**

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(b) Impairment**

At each Statement of Financial Position date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount which is the higher of an asset's net selling price and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows.

**(c) Revenue recognition**

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Company's activities as described below.

Interest income - on a time-proportion basis using the effective interest method. When a receivable is impaired, the company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised either as cash is collected or on a cost - recovery basis as conditions warrant.

Interest income is shown gross of withholding taxes.

**(d) Expense recognition**

Expenses are accounted for in the statement of comprehensive income on an accrual basis.

**(e) Provisions**

Provisions are recognised when the company has a present or constructive obligation as a result of past events which it is probable will result in an outflow of economic benefits that can be reasonably estimated.

**(f) Related Parties**

For the purpose of the financial statements, parties are considered as related to the company if they have the ability, directly or indirectly, to control the company or exercise significant influence over the company in making financial and operating decisions or vice versa or where the Company is subject to common control. Related parties may be individuals or other entities.

**(g) Foreign Currency Transactions**

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing on the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date the fair value was determined.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2016**

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(h) Comparative figures**

Comparative figures have been restated whenever necessary to conform with changes in presentation or in accounting policies.

**(i) Share capital**

Ordinary shares are classified as equity.

**(j) Financial instruments**

The company's accounting policies in respect of the main financial instruments are set out below:

**(i) Accounts Payable**

Payables are stated at their nominal value.

**(ii) Borrowings**

Borrowings are recorded at the proceeds received.

**(iii) Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 3 months or less.

**(iv) Accounts Receivable**

Accounts receivable are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

**(v) Investment in Subsidiaries**

Subsidiaries are entities over which the Company has the power to govern the financial and operating policies generally accompanying shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable and convertible are considered when assessing whether the Company controls another entity.

Investments in subsidiary undertakings are shown at fair value in the Company's accounts. Where an indication of impairment exists, the recoverable amount of the investment is assessed. Where the recoverable amount of the investment is less than its carrying amount, the investment is written down immediately to its recoverable amount and the impairment loss is recognised as an expense in the statement of comprehensive income.

On disposal of the investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of comprehensive income.

**(vi) Equity instruments**

Equity instruments are recorded at the proceeds received, net of direct issue costs.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2016**

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(k) Income tax**

The tax expense for the year comprises current and deferred tax. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the country where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the date of the statement of financial position and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets on accumulated tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

**4. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of financial statements in accordance with IFRS requires the directors and management to exercise judgement in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions that may affect the reported amounts and disclosures in the financial statements. Judgements and estimates are continuously evaluated and are based on historical experience and other factors, including expectations and assumptions concerning future events that are believed to be reasonable under the circumstances. The actual results could, by definition therefore, often differ from the related accounting estimates.

Where applicable, the notes to the financial statements set out areas where management has applied a higher degree of judgement that have a significant effect on the amounts recognised in the financial statements, or estimations and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2016**

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**5. FINANCIAL RISK FACTORS**

- 5.1 The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. This note presents information about the Company's exposure to each of the said risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company to set appropriate measures and controls and to monitor risks and adherence to limits. Risks management policies and systems are reviewed regularly to reflect changes in market conditions and in the Company's activities.

The Company's exposure to the various types of risks associated to its activity and financial instruments is detailed below.

**Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

*Currency risk*

Foreign exchange risk is the risk that the fair value of future cash flows of financial instrument will fluctuate because of changes in foreign exchange rate. The Company is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises from investments that the Company has made in Singapore, Indonesia and Netherlands, whose net assets are exposed to foreign currency translation risk.

*Interest rate risk*

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Company has no significant exposure to interest rate risk

*Price Risk*

Equity price risk is the risk of unfavourable changes in fair values of equities as the result of changes in the value of individual shares. The Company has no exposure to price risk at year end.

**Credit Risk**

The Company takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. With respect to credit arising from financial assets which comprise of investment, trade and other receivables and cash and cash equivalents, the Company's exposure arises from the default of the counterparty, with a maximum exposure equal to the carrying amount of these financial assets at the reporting date. The table below summarises the exposure to credit risk:

	<b>USD</b>
Loan and advances	7,953,307
Accounts receivable	2,867,609
Cash and cash equivalents	2,266,444
	<u>13,087,360</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2016**

**5. FINANCIAL RISK FACTORS (CONT'D)**

**Liquidity Risk**

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities. The Company aims at maintaining flexibility in funding by keeping committed credit lines available.

The maturity profile of the financial liabilities as at 31 March 2016 and 31 March 2015 is summarised hereunder:

	Less than one year	More than one year	Total
	USD	USD	USD
<b><u>At 31 March 2016</u></b>			
Amount due to related parties	240,762	2,600,000	2,840,762
Other borrowings	2,200,000	13,100,000	15,300,000
Accruals	239,024	-	239,024
<b><u>At 31 March 2015</u></b>			
Amount due to related parties	851,668	-	851,668
Other borrowings	-	10,000,000	10,000,000
Accruals	14,100	-	14,100

**5.2 Capital risk management**

The Company's objectives when managing capital is to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders and to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

**5.3 Fair value estimation**

The fair value of financial instruments traded in active markets is based on quoted market prices at the financial reporting date. The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at end of financial reporting period.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2016**

**5. FINANCIAL RISK FACTORS (CONT'D)**

**5.4 Fair value Hierarchy**

The Company adopted the amendment to IFRS 7, effective 1 January 2009. This requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1:- Quoted prices (unadjusted) in active markets for identical assets or liability
- Level 2:- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)
- Level 3: -Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

The following table presents the Company's assets measured as fair values at 31 March 2016 and 31 March 2015:

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
<b><u>At 31 March 2016</u></b>				
- Equity securities	-	-	11,499,309	11,499,309
	-	-	11,499,309	11,499,309
<b><u>At 31 March 2015</u></b>				
- Equity securities	-	-	10,469,309	10,469,309
	-	-	10,469,309	10,469,309

**6. CONSOLIDATED FINANCIAL STATEMENTS**

The Company has contributed fully towards the funding of Solar Overseas Netherlands Cooperatie U.A as well as owning 100% of the issued Share Capital of Solar Overseas Singapore Pte Ltd and Solar Industries Africa Limited and 94% of the issued share capital of Solar Indústrias Moçambique Limitada. These entities are considered to be subsidiary undertakings. The Company is not required to present consolidated financial statements as the Company's debt or equity are not traded in a public market nor does it intend to issue any class of instruments in any public market. Further, the Company is itself a wholly-owned subsidiary of another entity and its other owners, including those not otherwise entitled to vote, have been informed about, and do not object to, the Company not presenting consolidated financial statements.

## FOR THE YEAR ENDED MARCH 31, 2016

## 7. INVESTMENT IN SUBSIDIARIES

	<u>2016</u>	<u>2015</u>
	USD	USD
At April 01,	10,469,309	10,318,581
Capital contribution	1,030,000	150,728
<b>At March 31,</b>	<b>11,499,309</b>	<b>10,469,309</b>

Details of investments are as follows:

Name of Company	Country of Incorporation	Percentage holding	Capital Contribution	
			<u>2016</u>	<u>2015</u>
			USD	USD
Solar Overseas Netherlands Coöperatie U.A	Netherlands	100%	11,494,970	10,464,970
Solar Overseas Singapore Pte. Ltd	Singapore	100%	3,611	3,611
Solar Industrias Moçambique Limitada	Mozambique	94%	628	628
Solar Industrias Africa Limited	Mauritius	100%	100	100
			<u>11,499,309</u>	<u>10,469,309</u>

The directors estimate that the fair value of the investments to be not less than USD11,499,309 as at the statement of financial position date.

## 8. ADVANCES AND APPLICATION MONIES

	<u>2016</u>	<u>2015</u>
	USD	USD
Solar Overseas Singapore Pte. Ltd	466,239	466,239
Solar Industrias Africa Limited	83,100	68,039
	<u>549,339</u>	<u>534,278</u>

## 9. LOAN AND ADVANCES

	<u>2016</u>	<u>2015</u>
	USD	USD
<b>(a) Non-current</b>		
Advances to related parties	3,401,225	-
Other advances	637,000	107,195
	<u>4,038,225</u>	<u>107,195</u>
<b>(b) Current</b>		
Advances to related parties	7,953,307	7,951,214

## 10. ACCOUNTS RECEIVABLE

	<u>2016</u>	<u>2015</u>
	USD	USD
Interest receivable	1,958,249	1,174,009
Prepayments	188,307	-
Other receivables	721,053	1,171,928
	<u>2,867,609</u>	<u>2,345,937</u>

The carrying amount of accounts receivable approximate their fair value.

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED MARCH 31, 2016

**11. CASH AND CASH EQUIVALENTS**

	<u>2016</u>	<u>2015</u>
	<u>USD</u>	<u>USD</u>
Cash at bank	2,266,444	123,685

**12. SHARE CAPITAL**

	Issued and fully paid	
	<u>2016</u>	<u>2015</u>
	<u>USD</u>	<u>USD</u>
85,000 Ordinary Shares	8,500,000	8,500,000
<b>At March 31,</b>	<u><b>8,500,000</b></u>	<u><b>8,500,000</b></u>

*Voting rights*

Each ordinary share shall entitle its holder to receive notice of, and to attend and vote at any meeting of the company.

*Rights relating to dividends*

Each ordinary share shall entitle its holder the right of an equal share in dividends as authorised by the board.

*Rights relating to repayment of capital*

Upon winding-up, each ordinary share shall entitle its holder the right to an equal share in the distribution of the surplus assets of the company.

**13. BORROWINGS**

	<u>2016</u>	<u>2015</u>
	<u>USD</u>	<u>USD</u>
<b>(a) Non-Current</b>		
Bank Loans		
DBS Bank Ltd	10,000,000	10,000,000
HDFC Bank Ltd	3,100,000	-
Shareholder's loan - interest bearing loan	2,600,000	-
	<u><b>15,700,000</b></u>	<u><b>10,000,000</b></u>
<b>(b) Current</b>		
Bank Loan		
ICICI Bank Ltd	2,200,000	-
Shareholder's loan - interest bearing loan	-	800,000
Shareholder's loan - interest free loan	240,762	51,668
	<u><b>2,440,762</b></u>	<u><b>851,668</b></u>

Interest bearing loan from shareholder bears interest of 12% per annum and is repayable within a period of two years from date of receipt of loan which can be extended for a further period of two years by giving written notice to the Borrower.

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED MARCH 31, 2016

<b>14. ACCOUNTS PAYABLE</b>	<b>2016</b>	<b>2015</b>
	<b>USD</b>	<b>USD</b>
Interest payable	200,557	-
Creditor - advance payment received	28,817	-
Other payable and accruals	9,650	14,100
	<b>239,024</b>	<b>14,100</b>

The carrying amounts of payables approximate their fair value.

**15. TAXATION**

The Company is liable to income tax in Mauritius on its chargeable income at 15%. It is, however, entitled to a tax credit equivalent to the higher of the actual foreign tax suffered and 80% of the Mauritius tax on its foreign source income.

The Computation of the tax liability are as follows:

	<b>2016</b>	<b>2015</b>
	<b>USD</b>	<b>USD</b>
Profit before tax	140,971	1,950,121
Less: exempt income	(215)	(76)
Chargeable income	<b>140,756</b>	<b>1,950,045</b>
Tax calculated at a rate of 15%	21,114	292,506
Foreign tax credit	(16,891)	(234,005)
Balance after tax credit	4,223	58,501
Less: Advance payment	-	(46,127)
Tax payable	<b>4,223</b>	<b>12,374</b>

**16. NOTES TO THE STATEMENT OF CASH FLOW**

	<b>2016</b>	<b>2015</b>
	<b>USD</b>	<b>USD</b>
<b>(a) Cash generated from operations</b>		
Reconciliation of profit before taxation to cash generated from operations:		
Profit before taxation	140,971	1,950,121
Adjustments for:		
Interest income	(834,877)	(793,526)
Interest expense	281,404	170,414
Changes in working capital:		
- Other receivables	262,569	(1,079,868)
- Other payables	24,367	(8,672)
Cash generated from operations	<b>(125,566)</b>	<b>238,469</b>
<b>(b) Cash and Cash Equivalents</b>		
	<b>2016</b>	<b>2015</b>
	<b>USD</b>	<b>USD</b>
Cash at bank	<b>2,266,444</b>	<b>123,685</b>

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED MARCH 31, 2016

**17. FINANCIAL RISK FACTORS**

The company is exposed to foreign exchange risk. The currency profile of the company's financial assets and liabilities are as follows:-

	Financial Assets		Financial Liabilities	
	2016	2015	2016	2015
	USD	USD	USD	USD
EURO	21,356,929	19,573,479	-	-
Singapore Dollars	488,657	486,565	-	-
Indonesian Rupiah	-	107,195	-	-
New Mozambique Metical	628	628	-	-
US Dollars	7,328,019	1,363,751	18,379,786	10,878,142
	<b>29,174,233</b>	<b>21,531,618</b>	<b>18,379,786</b>	<b>10,878,142</b>

**18. RELATED PARTY TRANSACTIONS**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions or if they are subject to common control.

For the year ended 31 March 2016, the transactions with related parties are as follows:

Related Parties	Relationship	Nature of Operations	Volume of Transactions	Balance at 31.03.2016
			USD	USD
Solar Overseas Netherlands Coöperatie U.A.	Subsidiary Company	Loans & Advances	NIL	7,934,500
Solar Overseas Singapore Pte Ltd	Subsidiary Company	Loans & Advances	2,093	18,807
Nigachem Nigeria Limited	Step down subsidiary	Loans & Advances	1,401,225	1,401,225
Solar Explochem Zambia Ltd	Step down subsidiary	Loans & Advances	2,000,000	2,000,000
Solar Industries India Limited	Holding Company	Borrowings	1,989,094	2,840,762

**19. HOLDING COMPANY**

The Company is controlled by Solar Industries India Ltd, a Company listed on the Bombay Stock Exchange which owns 100% of the Company's share capital.