SHARDA INTERNATIONAL DMCC

Financial Statements

31 March 2019

Registered office:

Unit No. 304,
Mazaya Business Avenue BB1,
Plot No: JLTE-PH2-BB1,
Jumeirah Lakes Towers
Dubai, U.A.E.

SHARDA INTERNATIONAL DMCC

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31 March 2019

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Directors' Report

The directors submit their report and accounts for the year ended 31 March 2019.

Results and dividend:

The profit for the year amounted to US $ 7,937,324/-. The directors have approved payment of interim dividend amounting to US$ 6,000,000/- for the year ended 31 March 2019.

Review of the business:

The company is registered to carry out trading in basic industrial chemicals and rubber. During the year, the company has mainly traded in rubber items such as conveyer belts and agro chemicals.

Events since the end of the year

There were no important events, which have occurred since the year end that materially affects the company.

Shareholder and its interest:

The shareholder at 31 March 2019 and its interest as of that date in the share capital of the company was as follows:

	Incorporation	*No. of shares*	*AED*	*US $*
Sharda Cropchem Limited	India	2	200,000	54,440

Auditors

A resolution to re-appoint **KSI Shah & Associates** as auditors and fix their remuneration will be put to the board at the annual general meeting.

Rdesai

Mrs. Raksha Anand Desai
Director

P.O. Box: 58141
Dubai - U.A.E.
SHARDA INTERNATIONAL DMCC

RBubna

Mr. Ramprakash Vilasrai Bubna
Director

Independent Auditors' Report to the Shareholder of SHARDA INTERNATIONAL DMCC

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Sharda International DMCC ("the Company"), which comprises of the statement of financial position as at 31 March 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and explanatory notes.

In our opinion, the financial statements present fairly, in all material respects the financial position of the company as of 31 March 2019 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the UAE, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. Other information comprises the directors' report, which we obtained prior to the date of this auditor's report. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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 on the other information that we obtained prior to the date of this auditor's report, we concluded that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditors' Report to the Shareholder of SHARDA INTERNATIONAL DMCC

Report on the Audit of the Financial Statements (contd.)

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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 ISAs 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.

As part of an audit in accordance with ISAs, 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Independent Auditors' Report to the Shareholder of SHARDA INTERNATIONAL DMCC

Report on the Audit of the Financial Statements (contd.)

- 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.

Report on Other Legal and Regulatory Requirements

We further confirm that we have obtained all information and explanations necessary for our audit and that proper financial records have been maintained by the company in accordance with the DMCC Company Regulations No. 1/03 issued in 2003.To the best of our knowledge and belief no violations of said regulations have occurred which would have had a material effect on the business of the company or on its financial position.

KSI Shah & Associates

For KSI Shah & Associates
Dubai, U.A.E.
Signed by:
Sonal P. Shah (Registration No. 123)

P.O. Box 71241
Dubai - U.A.E.
KSI SHAH & ASSOCIATES

2 May 2019

SHARDA INTERNATIONAL DMCC

Statement of Financial Position
At 31 March 2019

	Notes	2019 US $	2018 US $
ASSETS			
Non-current assets			
Fixed assets	6	4,208	4,887
Investment in subsidiaries	7	720,472	720,472
		724,680	725,359
Current assets			
Inventories	8	344,500	159,875
Trade and other receivables	9	16,661,511	16,805,024
Prepayments		12,840	33,679
Bank balances	10	5,440,800	4,536,543
		22,459,651	21,535,121
TOTAL ASSETS		23,184,331	22,260,480
EQUITY AND LIABILITIES			
Equity			
Share capital	11	54,440	54,440
Accumulated profits		17,817,135	15,879,811
Total equity		17,871,575	15,934,251
Current liabilities			
Trade and other payables	12	5,312,756	6,326,229
TOTAL EQUITY AND LIABILITIES		23,184,331	22,260,480

The accompanying notes 1 to 23 form an integral part of these financial statements.
The Independent Auditors' Report is set forth on pages 2 to 4.
Approved by the shareholder/board of directors on 2nd May 2019 and signed on their behalf by:

For SHARDA INTERNATIONAL DMCC

Rpesei.

Mrs. Raksha Anand Desai
Director

P.O. Box: 58141
Dubai - U.A.E.
SHARDA INTERNATIONAL DMCC

Mr. Ramprakash Vilasrai Bubna
Director

SHARDA INTERNATIONAL DMCC

Statement of Comprehensive Income
for the year ended 31 March 2019

	Notes	2019 US $	2018 US $
Sales	13,18	**50,439,599**	**36,121,287**
Cost of sales	14	(41,103,321)	(29,397,997)
Gross profit		**9,336,278**	**6,723,290**
Other income		158,524	494,774
Expenses	15	(1,462,950)	(1,067,684)
Unrealised gain/ (loss) on forward contracts (net)	19	26,550	(23,201)
Profit from operations		**8,058,402**	**6,127,179**
Interest income		12,486	3,807
Finance costs	16	(133,564)	(108,180)
Profit for the year		**7,937,324**	**6,022,806**
Other comprehensive income		-	-
Total comprehensive income for the year		**7,937,324**	**6,022,806**

The accompanying notes 1 to 23 form an integral part of these financial statements.

SHARDA INTERNATIONAL DMCC

Statement of Changes in Equity
for the year ended 31 March 2019

	Share Capital *US $*	*Accumulated Profits* *US $*	*Total* *US $*
As at 31 March 2017	**54,440**	**12,857,005**	**12,911,445**
Profit for the year	-	6,022,806	6,022,806
Dividend paid	-	(3,000,000)	(3,000,000)
As at 31 March 2018	**54,440**	**15,879,811**	**15,934,251**
Profit for the year	-	7,937,324	7,937,324
Dividend paid	-	(6,000,000)	(6,000,000)
As at 31 March 2019	**54,440**	**17,817,135**	**17,871,575**

The accompanying notes 1 to 23 form an integral part of these financial statements.

SHARDA INTERNATIONAL DMCC

Statement of Cash Flows
for the year ended 31 March 2019

	Notes	2019 US $	2018 US $
Cash flows from operating activities			
Profit for the year		7,937,324	6,022,806
Adjustments for:			
Depreciation		679	1,035
Interest income		(12,486)	(3,807)
Finance costs		133,563	108,180
Operating profit before working capital changes		**8,059,080**	**6,128,214**
Changes in inventories		(184,625)	(54,994)
Changes in trade and other receivables		143,512	(3,372,487)
Changes in prepayments		20,840	(15,481)
Changes in trade and other payables		(1,013,473)	2,175,275
Net cash from operating activities		**7,025,334**	**4,860,527**
Cash flows from investing activities			
Purchase of fixed assets		-	(3,818)
Changes in fixed deposits		(349,848)	(83,807)
Interest income		12,486	3,807
Net cash (used in) investing activities		**(337,362)**	**(83,818)**
Cash flows from financing activities			
Finance costs paid		(133,563)	(108,180)
Dividend paid		(6,000,000)	(3,000,000)
Net cash (used in) financing activities		**(6,133,563)**	**(3,108,180)**
Net changes in cash and cash equivalents		**554,409**	**1,668,529**
Cash and cash equivalents at the beginning of the year		**4,273,580**	**2,605,051**
Cash and cash equivalents at the end of the year	17	**4,827,989**	**4,273,580**

The accompanying notes 1 to 23 form an integral part of these financial statements.

SHARDA INTERNATIONAL DMCC

(Incorporated in the Dubai Multi Commodities Centre, Dubai, U.A.E.)
(Registration No DMCC 3123)

Notes to the Financial Statements

for the year ended 31 March 2019

1. Legal status and business activity

a) **SHARDA INTERNATIONAL DMCC** is a limited liability company registered in the Dubai Multi Commodities Centre, Dubai, U.A.E. under trade license No. 32188 issued on 4 April 2012.

b) The company is registered to carry out trading in basic industrial chemicals and rubber. During the year, the company has mainly traded in rubber items such as conveyer belts and agro chemicals.

c) These financial statements have been prepared as a stand-alone company, and reflect the operations of **SHARDA INTERNATIONAL DMCC** only and does not include the financial statements of its three wholly owned subsidiaries i.e.**1) SIDDHIVINAYAK INTERNATIONAL LIMITED, U.A.E, 2) SHARDA BENELUX BVBA, BELGIUM and 3) EUROAZIJSKI PESTICIDI D.O.O., CROATIA.**

The consolidated financial statements of the company including its subsidiaries as above are prepared separately by the company.

2. Basis of preparation

a) Statement of compliance

The financial statements are prepared in accordance with International Financial Reporting Standards issued or adopted by the International Accounting Standards Board (IASB) and which are effective for accounting periods beginning on or after 1 January 2018 and the applicable rules and regulations of the Dubai Multi Commodities Centre.

b) Basis of measurement

The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities (including derivative instruments) which are being measured at fair value. Historical cost is based on the fair value of the consideration given to acquire the asset or cash and cash equivalents expected to be paid to satisfy the liability.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

For financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety as described below:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

SHARDA INTERNATIONAL DMCC

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

c) Functional and presentation currency

The functional currency of the company is U.A.E. Dirhams. These financial statements are presented in United States Dollars (USD), which in the opinion of the management is the most appropriate presentation currency in view of the global presence of the company. U.A.E. Dirham is currently pegged to USD and there are no differences on translation from functional to presentation currency.

d) Investment in subsidiaries

In the financial statements of the parent, investments in subsidiaries are carried at cost less any impairment in net recoverable value that has been recognized in comprehensive Statement of Comprehensive Income.

3. Use of estimates and judgments

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Judgments made in applying accounting policies

The significant judgments made in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

Revenue from contracts with customers

Sale of goods

- Timing for transfer of control of goods:

  In case of performance obligation satisfied at point in time, the control of goods is transferred, when physical delivery of the goods to the agreed location has occurred, as a result, the company has a present right to payment and retains none of the significant risks and rewards of the goods.

- Financing components

  The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

SHARDA INTERNATIONAL DMCC

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

- Determining the transaction price:

  The company's revenue from sale of goods is derived from fixed price contracts with customers and therefore the amount of revenue to be earned from each contract is determined by reference to those fixed prices. Based on the historical performance of the company, it is highly probable that there will not be reversal of previously recognized revenue on account of the return of goods or volume rebates.

- Allocating the transaction prices:

  There is a fixed unit price for each item sold to the customer. Therefore, there is no judgment involved in allocating the contract price to each unit ordered in contracts with customers. Where a customer orders more than one item, the company is able to determine the split of the total contract price between each item by reference to each product's standalone selling prices (all product lines are capable of being, and are, sold separately).

- Provision of rights to return goods, volume rebates and other similar obligations:

  The company reviews its estimate of expected returns at each reporting date on basis of the historical data for the returns, rebates and other similar obligations and updates the amounts of the asset and liability accordingly.

Impairment of non-financial assets

At each reporting date, management conducts an assessment of fixed assets to determine whether there are any indications that they may be impaired. In the absence of such indications, no further action is taken. If such indications do exist, an analysis of each asset is undertaken to determine its net recoverable amount and, if this is below its carrying amount, a provision is made.

Financial assets at amortized cost

The company classifies its financial assets as at amortized cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest

Financial assets at fair value through profit or loss

The company has elected to record the investments at fair values through profit and loss account as the financial assets are held primarily for trading. All derivatives (except those designated hedging instruments) and financial assets acquired or held for the purpose of selling in the short term or for which there is a recent pattern of short-term profit taking are considered as held for trading.

SHARDA INTERNATIONAL DMCC

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

Key sources of estimation uncertainty and assumptions

The key assumptions concerning the future, and other key sources of estimation uncertainty and assumptions at the reporting date, that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Residual values of fixed assets

Residual values are assumed to be zero unless a reliable estimate of the current value can be obtained for similar assets of ages and conditions that are reasonably expected to exist at the end of the assets' estimated useful lives.

Estimated useful life of fixed assets

Management determines the estimated useful lives and depreciation charge for its fixed assets at the time of addition of the assets and is reviewed on annual basis.

Inventory provision

Management regularly undertakes a review of the company's inventory, in order to assess the likely realization proceeds, taking in account purchase and replacement prices, age, likely obsolescence, the rate at which goods are being sold and the physical damage. Based on the assessment assumptions are made as to the level of provisioning required.

Provision for expected credit losses of trade receivables and contract assets

The Company follows simplified approach for recognition of impairment loss allowance on trade receivables and other receivables

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

SHARDA INTERNATIONAL DMCC

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

Provision for expected credit losses of trade receivables and contract assets (contd.):

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.

- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L. The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

4a. Adoption of new and revised International Financial Reporting Standards

a) New and revised International Financial Reporting Standards

The following International Financial Reporting Standards, amendments thereto and interpretations issued by IASB that became effective for the current reporting period and which are applicable to the company are as follows:

- IFRS 9 - Financial Instruments
- IFRS 15 – Revenue from contracts with customers
- Clarifications to IFRS 15- Revenue from contracts with customers
- IFRIC Interpretation 22-Foreign Currency Transactions and Advance Consideration
- Amendments to IAS 40- Transfers of Investment Property
- Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions
- Amendments to IFRS 4- Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
- Amendments to IFRS 1 and IAS 28 as per annual improvements to IFRS standards 2014-16 cycle

SHARDA INTERNATIONAL DMCC

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

New and revised International Financial Reporting Standards (contd.):

During the current year, the management has adopted the above standards and amendments to the extent applicable to them from the financial reporting period commencing on or after 01 January 2018.

The significant impacts of IFRS 9, IFRS 15 and other amendments as listed above on the amounts reported and their presentation are disclosed wherever applicable.

b) International Financial Reporting Standards issued but not effective

IFRS 16 – Leases – The effective date of the standard is set for annual periods beginning on or after 1 January 2019.

IFRS17 -Insurance Contracts- The effective date of the standard is set for annual periods beginning on or after 1 January 2021.

IFRIC23-uncertainty of Income Tax Position- The effective date of the interpretation is set for annual periods beginning on or after 1 January 2019.

Amendments to IFRS9-Prepayment features with negative compensation. The effective date of the amendment is set for annual periods beginning on or after 1 January 2019.

Amendments to IAS 28- Long term interests in Associates and Joint Ventures. The effective date of the amendment is set for annual periods beginning on or after 1 January 2019.

Amendments to IFRSs- Annual improvements to IFRS Standards 2015-17 Cycle.

Amendments to IAS19-Plan amendments, curtailments or settlements. The effective date of the amendment is set for annual periods beginning on or after 1 January 2019.

Amendments to IFRS10 and IAS 28-Sale or contribution of assets between an investor and its associate or joint venture. These amendments will apply when they become effective.

The company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

4b. Significant Changes in the current reporting period

a) <u>IFRS 9 Financial Instruments</u>

The company has adopted IFRS 9 Financial Instruments issued in July 2014 with a date of initial application of 1 January 2018. The requirements of IFRS 9 represent a significant change from IAS 39 Financial Instruments: Recognition and Measurement. The new standard brings fundamental changes to the accounting for financial assets and to certain aspects of the accounting for financial liabilities.

As permitted by transitional provisions of IFRS 9, the company elected not to restate the comparative figures. Any adjustments to carrying amounts of financial assets and liabilities at the date of transitions were recognized in opening retained earnings and other reserves of the current year.

SHARDA INTERNATIONAL DMCC

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

IFRS 9 Financial Instruments (contd.):

The adoption of IFRS 9 has resulted in changes in the accounting policies for recognition, classification and measurement of financial assets and liabilities and impairment of financial assets. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 - Financial Instruments: Disclosures.

There is no material impact on adoption of IFRS 9 in the financial statements at the adoption date and the reporting date, however the presentation and disclosure requirements of IFRS 9 have been dealt with as relevant to the company.

b) IFRS 15 Revenue from contracts with customers

This standard on revenue recognition replaces IAS 11 "Construction Contracts" and IAS 18 "Revenue" and related interpretations.

IFRS 15 is more perspective, provides detailed guidance on revenue recognition and reduced the use of judgment in applying revenue recognition policies and practices as compared to the replaced IFRS and related interpretations.

Revenue is recognized when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service.

The core principle of IFRS 15 is that an entity recognizes revenue as it transfers the promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange of those goods or services.

IFRS 15 also includes a comprehensive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainly of revenue and cash flows arising from the entity's contracts with customers.

The company has assessed that the impact of IFRS 15 is not material on the financial statements of the company as at the adoption date and the reporting date.

5. Significant accounting policies:

a) Depreciation of fixed assets

The cost of fixed assets is depreciated by equal annual installments over their estimated useful lives as under:

Computers	6 years
Office equipment	10- 21 years

The useful lives and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets.

SHARDA INTERNATIONAL DMCC

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

b) Investment in subsidiaries

Subsidiaries are an entity (investee) which is controlled by another entity (the Parent or the Investor). The control is based on whether,

a) The Investor has power over the investee
b) It is exposed to rights of variable returns and
c) It has the ability to use its power to affect the amount of the returns.

Investment in subsidiaries is stated at cost less provision for impairment if any.

Income from investment in subsidiaries is accounted only to the extent of receipt of distribution of accumulated net profits of subsidiary. Distributions received in excess of such profits are considered as a recovery of investments and are recorded as a reduction of the cost of investments.

c) Financial instruments

i. Recognition and Initial measurement

The company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are measured at fair value on initial recognition. Transaction costs that are directly attributable in relation to financial assets and financial liabilities, other than those carried at fair value through profit or loss (FVTPL), are added to the fair value on initial recognition.

ii. Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets are classified as follows:

Financial assets at amortized cost (debt instruments)

Financial assets that are held within a business model whose objective is to hold the asset in order to collect contractual cash flows that are solely payments of principal and interest are subsequently measured at amortized cost less impairments, if any. Interest income calculated using effective interest rate (EIR) method and impairment loss, if any are recognised in the statement of profit and loss. Gains and losses are recognised in profit or loss when the asset is derecognized, modified or impaired.

The company's financial assets at amortised cost include trade and other receivables and cash and cash equivalents. Due to the short term nature of these financial assets, their carrying amounts are considered to be the same as their fair value.

Financial assets at fair value through other comprehensive income with recycling of cumulative gains and losses (debt instruments)

Financial assets that are held within a business model whose objective is achieved by both holding the asset in order to collect contractual cash flows that are solely payments of principal and interest and by selling the financial assets, are subsequently measured at fair value through other comprehensive income. Changes in fair value are recognized in the other comprehensive income (OCI) and on derecognition, cumulative gain or loss previously recognised in OCI is reclassified to the statement of profit and loss. Interest income calculated using EIR method and impairment loss, if any are recognised in the statement of profit and loss.

SHARDA INTERNATIONAL DMCC

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

Financial assets designated at fair value through other comprehensive income with no recycling of cumulative gains and losses upon derecognition (equity instruments)

The investments in equity instruments, which are strategic in nature and held on a long-term basis are initially measured at fair value. Accordingly, the Company has elected irrevocable option to measure such investments at FVOCI. The Company makes such election on an instrument-by-instrument basis. Pursuant to such irrevocable option, changes in fair value are recognised in the OCI and is subsequently not reclassified to the statement of profit and loss.

Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently measured at fair value through profit or loss. Changes in fair value and income on these assets are recognised in the statement of profit and loss. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

iii. Classification and subsequent measurement of financial liabilities

For the purpose of subsequent measurement, financial liabilities are classified as follows:

- Amortised cost - Financial liabilities are classified as financial liabilities at amortised cost by default. Interest expense calculated using EIR method is recognised in the statement of profit and loss.
- Fair values through profit or loss (FVTPL) - Financial liabilities are classified as FVTPL if it is held for trading, or is designated as such on initial recognition. Changes in fair value and interest expense on these liabilities are recognised in the statement of profit and loss.

The company's financial liabilities include trade and other payables. The carrying amounts of these financial liabilities are considered as to be the same as their fair values, due to their short term nature.

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

iv. Derecognition of financial assets and financial liabilities

Financial assets are de-recognised when, and only when,

- The contractual rights to receive cash flows expire or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
  a) the Company has transferred substantially all the risks and rewards of the asset, or
  b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

v. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position, if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

vi. Impairment of financial assets

The Company recognizes an allowance for expected credit losses for all debt instruments not held at fair value through profit or loss. Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Expected credit losses are recognized in two stages.

- For credit exposures for which there has not been a significant increase in credit risk since initial recognition, expected credit losses are provided for credit losses that result from default events that are possible within the next 12-months.
- For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default.

For trade receivables and contract assets, the Company applies a simplified approach in calculating expected credit losses. The Company does not track changes in credit risk, but instead recognised a loss allowance based on lifetime expected credit losses at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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

i. Derivative financial instruments

Initial recognition and subsequent measurement

The company uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at the end of each reporting date. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

d) Inventories

Inventories are valued at lower of cost using the weighted average method or net realizable value.

Cost comprises invoice value plus attributable direct expenses.

Net realizable value is based on estimated selling price less any further costs expected to be incurred for disposal.

e) Foreign currency transactions

Transactions in foreign currencies are converted into United States Dollars at the rate of exchange ruling on the date of the transaction. Assets and liabilities expressed in foreign currencies are translated into United States Dollars at the rate of exchange ruling at the balance sheet date. Resulting gain or loss is taken to the Statement of Comprehensive Income.

f) Impairment of non-financial assets

The company assesses at each reporting date whether there is an indication that a non-financial asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount.

Where the carrying amount of an asset or cash generating units exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognized in the Statement of Comprehensive Income in those expense categories consistent with the function of the impaired asset.

A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. Such reversal is recognized in the Statement of Comprehensive Income.

g) Provision

Provisions are recognized when the company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Provision (contd.):

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation at the end of the reporting period, using a rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

When some or all the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of receivable can be measured reliably.

h) Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership and the lease payments are charged to the Statement of Comprehensive Income on a straight-line basis over the period of lease.

The Company as lessee

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

i) Revenue recognition

Sales of goods

The company is in the business of trading of rubber items such as conveyer belts and agro chemicals.

Revenue from sale of goods is recognized at a point in time when control of the goods has transferred to the customer. This is generally when the goods are delivered to the customers and have been accepted by the customers at their premises and there is no unfulfilled obligation that could affect customer's acceptance of the goods. Delivery occurs when the goods have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer or the company has objective evidence that all criteria for acceptance have been satisfied.

The amount of revenue is shown as net of discounts, returns, other similar obligations and VAT as per the performance obligations determined as per the provisions of the contracts with customers

Interest income

Interest income from a financial asset at FVPL is included in the net fair value gains or loss on these assets. Interest income on financial assets at amortized cost and at FVOCI calculated using the effective interest method is recognized in statement of profit or loss as other income.

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

Interest income (contd.):

Interest income is presented as financial income where it is earned from financial asset that are held for cash management purposes.

Dividend income

Dividends are recognized as other income in profit or loss when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of part of the cost of an investment. In this case the dividend is recognized in OCI if it relates to investment measured at FVOCI.

j) **Cash and cash equivalents**

Cash and cash equivalents for the purpose of the cash flow statement comprise cash and cheques on hand, bank balance in current accounts, deposits free of encumbrance with a maturity date of three months or less from the date of deposit and highly liquid investments with a maturity date of three months or less from the date of investment.

k) **Dividend and interim dividend:**

Dividend including interim dividend is paid out of accumulated profits, when declared.

6. Fixed assets

	Computers *US $*	*Office Equipment* *US $*	*Total* *US $*
Cost			
As at 01.04.2018	3,796	5,463	9,259
As at 31.03.2019	**3,796**	**5,463**	**9,259**
Depreciation			
As at 01.04.2018	3,577	795	4,372
Charge for the year	219	460	679
As at 31.03.2019	**3,796**	**1,255**	**5,051**
Net book value			
As at 31.03.2019	-	**4,208**	**4,208**
As at 31.03.2018	**219**	**4,668**	**4,887**

In the opinion of management, there was no impairment in respect of any of the above fixed assets. Hence the carrying value of fixed assets as at 31 March 2019 approximates their net book value.

7. Investment in subsidiaries

	2019 *US $*	*2018* *US $*
(Stated at cost):		
Siddhivinayak International Limited [a]	708,075	708,075
Sharda Benelux BVBA [b]	8,829	8,829
Euroazijski Pesticidi D.O.O [c]	3,568	3,568
	720,472	**720,472**

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Notes to the Financial Statements
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Investments in subsidiaries (notes contd.):

[a] *Represents investment in 100% share capital of a company registered in U.A.E. The subsidiary company's share capital is divided into 2,586 shares of AED 1,000 each.*

[b] *Represents investment in 100% share capital of a company registered in Belgium. The subsidiary company's share capital is divided into 100 shares of Euro 62 each.*

[c] *Represents investment in 100% share capital of a company registered in Croatia. The subsidiary company's share capital is divided into 1 share of HRK 20,000 each.*

In the opinion of management, there was no impairment in respect of any of the above investments, hence carrying value of the investments as at 31 March 2019 approximates their net book value.

8. Inventories

	2019 US $	2018 US $
Finished goods *(refer note below)*	352,925	168,300
Provision for slow moving inventories	(8,425)	(8,425)
	344,500	**159,875**

Note:

This represents inventories lying outside U.A.E. with third parties.

9. Trade and other receivables

	2019 US $	2018 US $
Trade receivables [a]	15,798,139	15,487,131
Provision for doubtful debts	(2,148)	(33,030)
	15,795,991	**15,454,101**
Deposit	4,757	4,757
Other receivables [b]	6,904	576,511
Advances paid to suppliers	853,859	769,655
	16,661,511	**16,805,024**

[a] *Includes US$ 135,496/-(previous year US$ 808,379/-) due from related parties on trade account (refer note 18).*

[b] *Includes US$ 6,904/-net favorable position of open contracts of derivative financial instruments (refer note 19).*

10. Bank balances

	2019 US $	2018 US $
Bank balances in:		
Current accounts	4,827,989	4,273,580
Fixed deposit accounts	612,811	262,963
	5,440,800	**4,536,543**

11. Share capital

Authorized, issued and paid up:

	2019 US $	2018 US $
2 shares of AED 100,000 [a] @ 3.674 per US $	**54,440**	**54,440**

[a] *Share certificate is issued in the name of Sharda Cropchem Limited, India.*

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	2019 US $	2018 US $

12. Trade and other payables

	2019 US $	2018 US $
Trade payables	3,675,379	3,821,120
Advances received from customers	394,926	290,552
Accruals and provisions	1,242,451	1,488,165
Other payables [a]	-	726,392
	5,312,756	6,326,229

[a] *Includes US$ NIL (US$ 19,646/- previous year) net loss position of open contracts of derivative financial instruments (refer note 19).*

13. Sales

	2019 US $	2018 US $
Agrochemicals	6,186,731	1,696,987
Rubber products	43,887,968	33,968,750
Others	364,900	455,550
	50,439,599	36,121,287

14. Cost of sales

	2019 US $	2018 US $
Opening inventories	159,875	104,881
Purchases *(including direct expenses)*	41,287,946	29,452,991
Closing inventories	(344,500)	(159,875)
	41,103,321	29,397,997

15. Expenses

	2019 US $	2018 US $
Salaries and benefits	276,405	325,591
Commission on sale	369,011	398,313
Exchange loss	538,666	-
Bad debts written off	46,195	-
Other administrative expenses	231,994	342,745
Depreciation *(refer note 6)*	679	1,035
	1,462,950	1,067,684

16. Finance costs

	2019 US $	2018 US $
Bank charges	133,564	108,180

17. Cash and cash equivalents

	2019 US $	2018 US $
Bank balances in:		
Current accounts	4,827,989	4,273,580

18. Related party transactions

For the purpose of this financial statement, parties are considered to be related to the company if the company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making party financial and operating decisions, or vice versa, or where the company and the party are subject to common control or common significant influence. Related party may be individuals or other entities.

The nature and amount of significant transactions during the year are as under:

	2019 US $ Companies under common management and control	*2019 US $ Parent company*	*2019 US $ Total*	*2018 US $ Total*
Sales	103,260	175,313	278,573	551,680
Interim dividend paid	-	6,000,000	6,000,000	3,000,000

At the balance sheet date, balances with related parties were as follows:

	2019 US $ Companies under common management and control	*2019 US $ Total*	*2018 US $ Total*
Included in current assets:			
Trade receivables: *(refer note 9)*			
Sharda Colombia S.A.	104,212	104,212	121,020
Sharda Cropchem Limited, India	-	-	687,359
Sharda Cropchem Espana S.L.	31,284	31,284	-

19. Derivatives financial instruments

The company enters into forward financials instruments that are used by the company to hedge the risk of foreign currency fluctuations. These forward contracts are normally settled in cash for its net values.

The net fair values of significant financial instruments, being hedge contracts on currencies, outstanding as of the reporting date are stated as other receivables *(refer note 9b & 12a)*.

20. Financial instruments: Credit, Market risk and liquidity risk exposures

The company has exposure to the following risks from its use financial instruments:

a) Credit risk
b) Market risk
c) Liquidity risk

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Notes to the Financial Statements
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a) Credit risk

Financial assets, which potentially expose the company to concentrations of credit risk, comprise principally of trade and other receivables and bank balances.

Trade and other receivables

As on 31st March 2019, the company's maximum exposure to credit risk from trade receivables other than related parties situated outside U.A.E amounted to US$ 3,354,423/- from two customers *(previous year US$ 7,588,954/-due from three customers).*

There are no significant concentrations of credit risk from receivables situated within U.A.E. and outside the industry in which the company operates.

Bank balances

The company's bank balances in current and fixed deposit accounts are placed with high credit quality financial institutions.

b) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, such as exchange rate risk, interest rate risk or other price risk, which will affect the company's income or the value of its holding of financial instruments.

Financial instruments affected by market risk include interest-bearing loans and borrowings, deposits, financial assets at fair value through other comprehensive income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Interest rate risk

Interest on fixed deposits is at fixed rate.

Exchange rate risk

Except for the following assets and liabilities, which is denominated in foreign currencies, there is no significant exchange rate risk as substantially all financial assets and financial liabilities are denominated in US Dollar to which the U.A.E. Dirham is fixed.

	2019 Equivalent US $	*2018 Equivalent US $*
Investment in subsidiaries		
Euro	8,829	8,829
HRK	3,568	3,568
Trade receivables		
Euro	2,287,694	2,633,220
AUD	493,161	9,059
GBP	1,460,912	3,853,621
COP	104,212	121,020

Exchange rate risk (contd.):

	2019 Equivalent US $	2018 Equivalent US $
Bank balances		
Euro	1,224,218	636
GBP	22,442	923
AUD	187,286	127
Advances received from customers		
Euro	4,639	19,089
GBP	-	2,813
AUD	7,135	1,945
Accruals and provisions		
Euro	21,454	67,421
GBP	17,648	160,393
PLN	5,833	-

c) Liquidity risk

The following are the contractual maturities of the company's financial liabilities as of 31 March 2019:

Non-derivative financial liabilities	*Carrying Amounts US $*	*Payable within next 12 months US $*	*Payable after 12 months US $*
Trade and other payables:			
Trade payables	3,675,379	3,675,379	-
Advance received from customers	394,926	394,926	-
Accruals and provisions	1,242,451	1,242,451	-

21. Financial instruments: Fair values

The fair values of the company's financial assets, comprising of trade and other receivables and bank balances and financial liabilities, comprising of trade and other payables approximate to their carrying values.

22. Contingent liability

	2019 US$	2018 US$
Letter of guarantee	337,362	-

23. Comparative figures

Previous year's figures have been regrouped/reclassified wherever necessary to confirm to the presentation adopted in the current year.