

**SIDDHIVINAYAK INTERNATIONAL  
LIMITED**

**Financial Statements**

*31 March 2019*

***Registered office:***

1205, Westburry Commercial Tower  
Al Abraj Street, Business Bay,  
P.O. Box 71241,  
Dubai, U.A.E.

# SIDDHIVINAYAK INTERNATIONAL LIMITED

## Financial Statements

31 March 2019

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**SIDDHIVINAYAK INTERNATIONAL LIMITED**  
**Director's Report**

The director submits his report and accounts for the year ended 31 March 2019.

**Results:**

The net loss for the year amounted to US\$ 17,480/-.

**Review of the business:**

The company is registered to carry out activity of general trading and investments.

**Events since the end of the year**

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

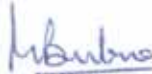
**Shareholder and its interest:**

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

<i>Name of the shareholder</i>	<i>Country of Incorporation</i>	<i>No. of shares</i>	<i>AED</i>	<i>US \$</i>
M/s. Sharda International DMCC	U.A.E.	2,586	2,586,000	708,070

**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.



**Mr. Ramprakash Vilasrai Bubna**  
 Director




## **Independent Auditors' Report to the Shareholder of SIDDHIVINAYAK INTERNATIONAL LIMITED**

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the accompanying financial statements of **SIDDHIVINAYAK INTERNATIONAL LIMITED** (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 director's 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 SIDDHIVINAYAK INTERNATIONAL LIMITED**

### **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  
SIDDHIVINAYAK INTERNATIONAL LIMITED****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.

*KSI Shah & Associates*

For KSI Shah & Associates  
Dubai, U.A.E.

Signed by:  
Sonal P. Shah (Registration No. 123)

2 May 2019



## SIDDHIVINAYAK INTERNATIONAL LIMITED

## Statement of Financial Position

At 31 March 2019

	<i>Notes</i>	<i>2019</i> <i>US \$</i>	<i>2018</i> <i>US \$</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment in subsidiaries	6	<u>662,924</u>	<u>681,633</u>
<b>Current assets</b>			
Cash and cash equivalents		<u>1,325</u>	<u>2,240</u>
<b>TOTAL ASSETS</b>		<u><b>664,249</b></u>	<u><b>683,873</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	7	708,070	708,070
Accumulated (losses)		<u>(43,821)</u>	<u>(26,341)</u>
<b>Total equity</b>		<u><b>664,249</b></u>	<u><b>681,729</b></u>
<b>Current liabilities</b>			
Accruals		<u>-</u>	<u>2,144</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>664,249</b></u>	<u><b>683,873</b></u>

The accompanying notes 1 to 12 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 2<sup>nd</sup> May 2019 and signed on their behalf by:

For SIDDHIVINAYAK INTERNATIONAL LIMITED



**Mr. Ramprakash Vilasrai Bubna**  
Director



**SIDDHIVINAYAK INTERNATIONAL LIMITED****Statement of Comprehensive Income**  
*for the year ended 31 March 2019*

	<i>2019</i> <u>US \$</u>	<i>2018</i> <u>US \$</u>
Other income	2,144	-
Loss on impairment of investment in subsidiary	(18,709)	-
Expenses	<u>(915)</u>	<u>(6,333)</u>
<b>(Loss) for the year</b>	<b>(17,480)</b>	<b>(6,333)</b>
Other comprehensive income	<u>-</u>	<u>-</u>
<b>Total comprehensive income for the year</b>	<b><u>(17,480)</u></b>	<b><u>(6,333)</u></b>

*The accompanying notes 1 to 12 form an integral part of these financial statements.*



## SIDDHIVINAYAK INTERNATIONAL LIMITED

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

	<i>Share Capital</i> <u>US \$</u>	<i>Accumulated (losses)</i> <u>US \$</u>	<i>Total</i> <u>US \$</u>
As at 31 March 2017	708,070	(20,008)	688,062
(Loss) for the year	—	<u>(6,333)</u>	<u>(6,333)</u>
As at 31 March 2018	708,070	(26,341)	681,729
(Loss) for the year	—	<u>(17,480)</u>	<u>(17,480)</u>
As at 31 March 2019	<u>708,070</u>	<u>(43,821)</u>	<u>664,249</u>

*The accompanying notes 1 to 12 form an integral part of these financial statements.*

## SIDDHIVINAYAK INTERNATIONAL LIMITED

**Statement of Cash Flows**  
*for the year ended 31 March 2019*

	<i>2019</i>	<i>2018</i>
	<u>US \$</u>	<u>US \$</u>
<b><u>Cash flows from operating activities</u></b>		
(Loss) for the year	(17,480)	(6,333)
Adjustment for:		
Loss on impairment of investment in subsidiary	<u>18,709</u>	<u>-</u>
<b>Operating profit/ (loss) before changes in working capital</b>	<b>1,229</b>	<b>(6,333)</b>
Changes in accruals	<u>(2,144)</u>	<u>104</u>
<b>Net cash (used in) operating activities</b>	<b><u>(915)</u></b>	<b><u>(6,229)</u></b>
Net changes in cash and cash equivalents	(915)	(6,229)
Cash and cash equivalents at beginning of year	<u>2,240</u>	<u>8,469</u>
Cash and cash equivalents at the end of the year	<u>1,325</u>	<u>2,240</u>

*The accompanying notes 1 to 12 form an integral part of these financial statements.*

## SIDDHIVINAYAK INTERNATIONAL LIMITED

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

#### 1. Legal status and business activity

- a) **SIDDHIVINAYAK INTERNATIONAL LIMITED** is an International Business Company incorporated in Ras Al Khaimah Free Trade Zone on 5th April 2007 with registration no. IC/098/07. This company was re-registered with Ras Al Khaimah International Corporate Centre Authority on 01st January 2018 in accordance with the regulations of Ras Al Khaimah International Corporate Centre (RAKICC) Business Companies Regulations 2018.
- b) The company is registered to carry out activity of general trading and investments. However the company has not generated any revenue as it has not carried out any commercial activity during the year.
- c) These financial statements have been prepared as a stand-alone company, and reflect the operations of **SIDDHIVINAYAK INTERNATIONAL LIMITED** only and do not include the financial statements of its following subsidiaries:

<u>Name of the subsidiary</u>	<u>31.03.2019</u> <u>% of holding</u>	<u>31.03.2018</u> <u>% of holding</u>
Sharda Bolivia S.R.L	99%	99%
Sharda Colombia S.A.S	99.48%	99.48%
Sharda De Mexico S. DE RL DE CV	99.99%	99.99%
Sharda Europe B.V.B.A	100%	100%
Sharda International Africa (PTY) Ltd,	100%	100%
Sharda Malaysia SDN BHD	100%	100%
Sharpar S.A,	90%	90%
Sharda Uruguay S.A <sup>a</sup>	-	100%

<sup>a</sup> During the year, this company was liquidated as per winding up certificate dated on 4 October 2018.

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 implementing rules and regulations of Ras Al Khaimah International Corporate Centre Business Companies Regulations 2018.

##### b) Basis of measurement

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange of assets.

**SIDDHIVINAYAK INTERNATIONAL LIMITED****Notes to the Financial Statements**  
*for the year ended 31 March 2019***Basis of measurement (contd.)**

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.

**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 fixed 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.

**SIDDHIVINAYAK INTERNATIONAL LIMITED****Notes to the Financial Statements**  
*for the year ended 31 March 2019***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:

***Impairment of non-financial assets***

At each reporting date, management conducts an assessment of investment in subsidiaries 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

**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.

***Impairment of financial assets***

The loss allowance for financial assets is based on assumptions about risk of default and expected loss rates. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

**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

## SIDDHIVINAYAK INTERNATIONAL LIMITED

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

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

- 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

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 issue 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.

**SIDDHIVINAYAK INTERNATIONAL LIMITED****Notes to the Financial Statements**  
*for the year ended 31 March 2019***4b. Significant Changes in the current reporting period****a) IFRS 9 Financial Instruments**

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.

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 I 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 uncertainty 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.

**SIDDHIVINAYAK INTERNATIONAL LIMITED****Notes to the Financial Statements**  
*for the year ended 31 March 2019***5. Significant accounting policies:****a) Investment in subsidiaries:**

Subsidiary is 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.

The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus costs directly attributable to the acquisition. The excess of cost of acquisition over the fair value of the net assets of the subsidiary acquired is recorded as goodwill.

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.

**b) 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 bank balances. Due to the short term nature of these financial assets, their carrying amounts are considered to be the same as their fair value.



**SIDDHIVINAYAK INTERNATIONAL LIMITED****Notes to the Financial Statements**  
*for the year ended 31 March 2019***Classification and subsequent measurement of financial assets (contd.):***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.

*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.

**SIDDHIVINAYAK INTERNATIONAL LIMITED****Notes to the Financial Statements**  
*for the year ended 31 March 2019***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.

**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.

**SIDDHIVINAYAK INTERNATIONAL LIMITED****Notes to the Financial Statements**  
*for the year ended 31 March 2019***Impairment of financial assets (contd.)**

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 recognises 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.

**c) 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.

**d) 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.

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.

**e) 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 income statement on a straight line basis over the period of lease.

## SIDDHIVINAYAK INTERNATIONAL LIMITED

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

#### f) 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.

	<u>2019</u>	<u>2018</u>
	<u>US \$</u>	<u>US \$</u>
<b>6. Investment in subsidiaries</b>		
<u>Investments in share capital of subsidiaries (stated at cost):</u>		
a. Sharda Bolivia S.R.L	1,384	1,384
b. Sharda Colombia S.A.	146,788	146,788
c. Sharda De Mexico S. DE RL DE CV	500,219	500,219
d. Sharda Europe B.V.B.A	9,118	9,118
e. Sharda International Africa (PTY) Ltd	14	14
f. Sharda Malaysia SDN BHD	2	2
g. Sharpar S.A	5,400	5,400
h. Sharda Uruguay S.A	-	18,708
	<u>662,926</u>	<u>681,633</u>

- a) Represents investment in 99% share capital of a company registered in Bolivia. The subsidiary company's share capital is divided into 100 shares of Bolivian Boliviano 100 each.
- b) Represents investment in 99.48% share capital of a company registered in Colombia. The subsidiary company's share capital is divided into 28,837 shares of Colombian Peso 10,000 each.
- c) Represents investment in 99.99% share capital of a company registered in Mexico. The subsidiary company's share capital is divided into 1 shares of Mexican Peso 9,312,570 each and 1 shares of Mexican Peso 30 each.
- d) Represents investment in 100% share capital of a company registered in Belgium, Europe. The subsidiary company's share capital is divided into 100 shares of Euros 62 each paid up capital.
- e) Represents investment in 100% share capital of a company registered in South Africa. The subsidiary company's share capital is divided into 100 shares of South African Rand 1 each.
- f) Represents investment in 100% share capital of a company registered in Malaysia. The subsidiary company's share capital is divided into 6 shares of Malaysian Ringgit 1 each.
- g) Represents investment in 90% share capital of a company registered in Paraguay. The subsidiary company's share capital is divided into 30 shares of Paraguayan Guarani 1,000,000 each.
- h) Represented investment in 100% share capital of a company registered in Uruguay. During the year, this subsidiary company's was liquidated as per winding up certificate dated on 4 October 2018.

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.

## SIDDHIVINAYAK INTERNATIONAL LIMITED

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

	<u>2019</u>	<u>2018</u>
	<u>US \$</u>	<u>US \$</u>
<b>7. Share capital <sup>a</sup></b>		
<b>Authorized, issued and paid up:</b>		
2,586 shares of AED 1,000		
(US \$ 1 @ AED 3.652)	<u>708,070</u>	<u>708,070</u>

<sup>a</sup> Share certificate is issued in the name of M/s. Sharda International DMCC, Dubai, U.A.E..

### 8. 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

#### a) Credit risk

Financial assets, which potentially expose the company to concentrations of credit risk, comprise principally of bank balance.

##### *Trade and other receivables*

There is no significant concentration of credit risk from trade and other receivables situated within and outside U.A.E. and outside the industry in which the company operates.

##### *Bank balance*

The company's bank balance in current accounts is placed with high credit quality financial institution.

#### b) Interest rate risk

Since the company does not have any deposits or borrowings, interest rate risk is minimum.

##### *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.

## SIDDHIVINAYAK INTERNATIONAL LIMITED

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

#### Exchange rate risk (contd.)

	<u>2019</u>	<u>2018</u>
	<u>US \$</u>	<u>US \$</u>
<i>Investment in share capital of subsidiaries:</i>		
Bolivian Boliviano	1,384	1,384
Colombian Peso	146,788	146,788
Mexican Peso	500,219	500,219
Euros	9,118	9,118
South African Rand	14	14
Malaysian Ringgit	2	2
Paraguayan Guarani	5,400	5,400
Uruguayan Peso	-	18,708

#### c) **Liquidity risk**

Liquidity risk is the risk that the company will not be able to meet financial obligations as they fall due. The liquidity requirements are monitored on a regular basis by the owners and the management who ensure that sufficient funds are made available to the company to meet any future commitments.

#### 10. **Financial instruments: Fair values**

The fair values of the company's financial assets, comprising of bank balance approximate to their carrying values.

#### 11. **Contingent liability**

There was no contingent liability of a significant amount outstanding as at the reporting date.

#### 12. **Comparative figures**

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