

## **INDEPENDENT AUDITOR'S REPORT**

To the Members of **SHARDA USA LLC**.

### **Report on the Ind AS Financial Statements**

We have audited the accompanying Ind AS financial statements of **SHARDA USA LLC**, which comprise the Balance Sheet as at December 31, 2020, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act., read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under. We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

## **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31.12.2020, its profit/loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

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

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, is not applicable to the company as the –
  - a. Paid-up Capital and Reserve (Net worth) is not more than Rs. 1 Crore
  - b. Company does not have loans outstanding Rs.1 Crore or more from any bank or Financial Institution and
  - c. Company does not have turnover exceeding Rs.10 Crore
2. As required by section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.;
  - (c) The Balance Sheet, Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

- (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended.
- (e) On the basis of written representation received from the directors as on 31<sup>st</sup> December 2020 and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> December 2020, from being appointed as a director in terms of section 164(2) of the Act
- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our Opinion and to the best of our information and according to the explanations given to us:
  - i. The Company does not have any pending litigations which would impact its financial position.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For V.K.BESWAL & ASSOCIATES,  
CHARTERED ACCOUNTANTS,  
FIRM REGISTRATION NO: 101083W**

**KUNAL.V.BESWAL  
PARTNER  
M.NO.131054  
PLACE: MUMBAI  
DATED: 06.05.2021  
UDIN: 21131054AAABOT9981**

**SHARDA USA LLC**

**BALANCE SHEET AS AT DECEMBER 31, 2020**

(Amount in INR)

Particulars	Note No	As at 31-Dec-20	As at 31-Dec-19
<b>ASSETS</b>			
<b><u>Current assets</u></b>			
<b>Financial Assets</b>			
Cash & cash equivalents	3	1,89,672	1,85,220
<b>Total current assets</b>		<b>1,89,672</b>	<b>1,85,220</b>
<b>Total assets</b>		<b>1,89,672</b>	<b>1,85,220</b>
<b>EQUITY AND LIABILITIES</b>			
<b><u>Equity</u></b>			
Equity share capital	4	-	-
Other Equity	5	1,89,672	(8,512)
<b>Total equity</b>		<b>1,89,672</b>	<b>(8,512)</b>
<b><u>Current liabilities</u></b>			
Trade Payables	6	-	1,93,732
<b>Total current liabilities</b>		<b>-</b>	<b>1,93,732</b>
<b>Total equity and liabilities</b>		<b>1,89,672</b>	<b>1,85,220</b>

The accompanying notes are an integral part of the financial statements.

**As per our report of even date**  
**For V.K.BESWAL & ASSOCIATES**  
**CHARTERED ACCOUNTANTS**  
**Firm Registration No. 101083W**

**For and on behalf of the Board of Directors of**  
**SHARDA USA LLC**

**KUNAL V. BESWAL**  
**[PARTNER]**  
**Membership Number - 131054**  
**PLACE : MUMBAI**  
**Date: 06.05.2021**

**R. V. BUBNA**  
**DIRECTOR**

**SHARDA USA LLC**

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED DECEMBER 31, 2020**

(Amount in INR)

Particulars	Note No	Year ended 31-Dec-20	Year ended 31-Dec-19
<b><u>Income</u></b>			
Other Income	7	2,01,091	39
<b>Total income</b>		<b>2,01,091</b>	<b>39</b>
<b><u>Expenses</u></b>			
Other Expenses	8	-	141
<b>Total expenses</b>		<b>-</b>	<b>141</b>
<b>Profit\ (loss) before tax</b>		<b>2,01,091</b>	<b>(102)</b>
<b>Tax expenses</b>			
Current tax		-	-
<b>Total Tax expense</b>		<b>-</b>	<b>-</b>
<b>Profit\ (loss) for the year</b>		<b>2,01,091</b>	<b>(102)</b>
<b>Other Comprehensive income</b>			<b>-</b>
<b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</b>			
Exchange differences on translation of foreign operations		(2,907)	(190)
Income tax effect			
<b>Other comprehensive income for the year, net of tax</b>		<b>(2,907)</b>	<b>(190)</b>
<b>Total comprehensive income for the year</b>		<b>1,98,184</b>	<b>(292)</b>

The accompanying notes are an integral part of the financial statements.

As per our report of even date  
For V.K.BESWAL & ASSOCIATES  
CHARTERED ACCOUNTANTS  
Firm Registration No. 101083W

For and on behalf of the Board of Directors of  
SHARDA USA LLC

KUNAL V. BESWAL  
[PARTNER]  
Membership Number - 131054  
PLACE : MUMBAI  
Date: 06.05.2021

R. V. BUBNA  
DIRECTOR

**SHARDA USA LLC**

**STATEMENT OF CHANGES IN EQUITY**

**FOR THE YEAR ENDED DECEMBER 31,2019**

**(Amount in INR)**

Particulars	Equity Share Capital	Reserves & Surplus	Items of other comprehensive income	Total equity
		Retained earnings	Foreign Currency translation reserve	
<b>As on January 01,2019</b>	-	(6,405)	(1,815)	(8,220)
Net Profit for the period		(102)	-	(102)
Other comprehensive income		-	(190)	(190)
<b>Total Comprehensive Income</b>		<b>(102)</b>	<b>(190)</b>	<b>(292)</b>
<b>As on December 31,2019</b>	-	<b>(6,507)</b>	<b>(2,005)</b>	<b>(8,512)</b>

**FOR THE YEAR ENDED DECEMBER 31,2020**

**(Amount in INR)**

Particulars	Equity Share Capital	Reserves & Surplus	Items of other comprehensive income	Total equity
		Retained earnings	Foreign Currency translation reserve	
<b>As on January 01,2020</b>	-	(6,507)	(2,005)	(8,512)
Net Profit for the period		2,01,091	-	2,01,091
Other comprehensive income		-	(2,907)	(2,907)
<b>Total Comprehensive Income</b>		<b>2,01,091</b>	<b>(2,907)</b>	<b>1,98,184</b>
<b>As on December 31,2020</b>	-	<b>1,94,584</b>	<b>(4,912)</b>	<b>1,89,672</b>

The accompanying notes are an integral part of the financial statements.

**As per our report of even date  
For V.K.BESWAL & ASSOCIATES  
CHARTERED ACCOUNTANTS  
Firm Registration No. 101083W**

**For and on behalf of the Board of Directors of  
SHARDA USA LLC**

**KUNAL V. BESWAL  
[PARTNER]  
Membership Number - 131054  
PLACE : MUMBAI  
Date: 06.05.2021**

**R. V. BUBNA  
[DIRECTOR]**

**SHARDA USA LLC**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2020**

(Amount in INR)

Particulars	Year ended 31-Dec -20	Year ended 31-Dec-19
<b>Cash flow from operating activities</b>		
Profit before tax	2,01,091	(102)
<b>Adjustments to reconcile profit before tax to cash generated by operating activities:</b>		
Interest income	(27)	(39)
<b>Operating profit / (loss) before working capital changes</b>	<b>2,01,064</b>	<b>(141)</b>
Movements in working capital :		
Increase/ (decrease) in trade payables	(1,93,732)	5,726
<b>Cash generated from /(used in) operations</b>	<b>7,332</b>	<b>5,585</b>
Income taxes paid (net of refunds)		
<b>Net cash flow from/ (used in) operating activities (A)</b>	<b>7,332</b>	<b>5,585</b>
<b>Cash flows from investing activities</b>		
Interest received	27	39
<b>Net cash flow from/ (used in) investing activities (B)</b>	<b>27</b>	<b>39</b>
<b>Cash flows from financing activities</b>		
<b>Net cash flow from/ (used in) in financing activities (C)</b>	-	-
Exchange difference on translation of assets and liabilities (D)	(2,907)	(190)
<b>Net increase/(decrease) in cash and cash equivalents (A + B + C+D)</b>	<b>4,452</b>	<b>5,434</b>
Cash and cash equivalents at the beginning of the year	1,85,220	1,79,786
<b>Cash and cash equivalents at the end of the year</b>	<b>1,89,672</b>	<b>1,85,220</b>
<b>Date: 06.05.2021</b>		
With banks- on current account	1,89,672	1,85,220
<b>Total cash and cash equivalents (Note 3)</b>	<b>1,89,672</b>	<b>1,85,220</b>

The accompanying notes are an integral part of the financial statements.

As per our report of even date  
For **V.K.BESWAL & ASSOCIATES**  
**CHARTERED ACCOUNTANTS**  
Firm Registration No. 101083W

For and on behalf of the Board of Directors of  
**SHARDA USA LLC**

**KUNAL V. BESWAL**  
[PARTNER]  
Membership Number - 131054  
PLACE : MUMBAI  
Date: 06.05.2021

**R. V. BUBNA**  
[DIRECTOR]

## **SHARDA USA LLC**

### **Notes to financial statements for the year ended December 31, 2020**

#### **1 Corporate information**

Sharda USA LLC ('Company') was incorporated on 19.05.2006 in Hockessin, USA. The holding company is Sharda Worldwide Exports Pvt. Ltd.

#### **2 Significant Accounting Policies:**

##### **2.1 Statement of Compliance**

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS") as per the Companies (Indian Accounting Standards) Rules, 2015 notified under section 133 of the Companies Act 2013 ("the Act"), amendments thereto and other relevant provisions of the Act and guidelines issued by the Securities and Exchange Board of India ("SEBI"), as applicable.

##### **2.2. Basis of preparation and Presentation of Financial Statement**

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities:

- Derivative financial instruments measured at fair value
- Certain financial assets and liabilities measured at fair value.

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.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

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

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

##### **2.3 Functional and Presentation Currency**

The financial statements are presented in Indian Rupees, which is the functional currency of the parent company and the currency of the primary economic environment in which the parent company operates. All the figures have been rounded off to the nearest INR in lakhs, unless otherwise indicated.

##### **2.4 Current and non-current classification**

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

###### **Assets**

An asset is classified as current when it satisfies any of the following criteria:

- (a) it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;
- (b) it is held primarily for the purpose of being traded;
- (c) it is expected to be realised within 12 months after the balance sheet date; or
- (d) it is cash or a cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the balance sheet date.

Current assets include the current portion of non-current financial assets

All other assets are classified as non-current.

###### **Liabilities**

A liability is classified as current when it satisfies any of the following criteria:

- (a) it is expected to be settled in, the Company's normal operating cycle;
- (b) it is held primarily for the purpose of being traded;
- (c) it is due to be settled within 12 months after the balance sheet date; or
- (d) the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date

Current liabilities include current portion of non-current financial liabilities.

All other liabilities are classified as non-current.

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



## 2.5 Foreign currency translation

### **Transactions and balances**

Transactions in foreign currency are recorded applying the exchange rate at the date of transaction. Monetary assets and liabilities denominated in foreign currency remaining unsettled at the end of the year are translated at the closing rates prevailing on the Balance Sheet date. Non-monetary items which are carried in terms of historical cost denominated in foreign currency are reported using the exchange rate at the date of transaction. Exchange differences arising as a result of the above are recognized as income or expenses in the statement of profit and loss. Exchange difference arising on the settlement of monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or expenses in the year in which they arise.

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate at the date of that balance sheet
- income and expenses are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- All resulting exchange differences are recognised in other comprehensive income.

## 2.6 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. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Fair value changes are recognized in the statement of profit and loss and are included in Foreign exchange (gain) / loss.

## 2.7 Revenue Recognition

Revenue is recognised upon transfer of control of promised goods to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those goods.

### **Sale of goods**

Revenue from the sale of goods is recognised at the point in time when control is transferred to the customer which is usually on shipment / dispatch / delivery.

Revenue is measured based on the transaction price, which is the consideration, adjusted for trade discounts, cash discounts, volume discounts, rebates, scheme allowances, incentives and returns, if any, as specified in the contracts with the customers. Revenue excludes taxes collected from customers on behalf of the government. Accruals for discounts/incentives and returns are estimated (using the most likely method) based on accumulated experience and underlying schemes and agreements with customers. Due to the short nature of credit period given to customers, there is no financing component in the contract.

### **Interest income**

Interest income from financial assets is recognized when it is probable that economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets to that asset's net carrying amount on initial recognition.

### **Dividends**

Dividend income from investments is recognized when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

### **Insurance claims**

Insurance claims are accounted for on the basis of claims admitted and to the extent that there is no uncertainty in receiving the claims.

### **Export Incentives**

An export incentive (i.e. Duty Drawback, Merchandise Export Incentive Scheme and other schemes as per the Export Import Policy) is recognised in the statement of profit and loss when the right to receive credit as per the terms of the scheme is established in respect of export made, and there is no uncertainty to its receipt.

## 2.8 Taxation

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred taxes are recognized in the Statement of Profit and Loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

On 30th March 2019, MCA has issued amendment regarding the income tax Uncertainty over Income Tax Treatments. The notification clarifies the recognition and measurement requirements when there is uncertainty over income tax treatments. In assessing the uncertainty, an entity shall consider whether it is probable that a taxation authority will accept the uncertain tax treatment. This notification is effective for annual reporting periods beginning on or after 1 April 2019. As per the Company's assessment, there are no material income tax uncertainties over income tax treatments.

### Current tax

Current tax is measured at the amount of tax expected to be payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle the asset and the liability on a net basis.

### Deferred tax

Deferred income tax assets and liabilities are recognized for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred tax assets are recognized only to the extent that it is probable that either future taxable profits or reversal of deferred tax liabilities will be available, against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of a deferred tax asset shall be reviewed at the end of each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Date:  
06.05  
.2021

## 2.9 Property, Plant and Equipment ("PPE") and Depreciation

### Recognition and measurement

On adoption of Ind AS, the Company retained the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind ASs, measured as per the previous GAAP and used that as its deemed cost as permitted by Ind AS 101 'First-time Adoption of Indian Accounting Standards'.

PPE are initially recognised at cost. The initial cost of PPE comprises its purchase price, including non-refundable duties and taxes net of any trade discounts and rebates. The cost of PPE includes taxes, duties, freight, interest on borrowings (borrowing cost) directly attributable to acquisition, construction or production of qualifying assets and other incidental expenses which are required to bring the asset in the condition for its intended use. Subsequent to initial recognition, PPE are stated at cost less accumulated depreciation and impairment losses, if any.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between sales proceeds and the carrying amount of the asset and is recognised in profit or loss. Fully depreciated assets still in use are retained in the financial statements.

### (a) Depreciation and amortization

Depreciation is provided after impairment, if any, using the straight-line method as per the useful lives of the assets estimated by the management, or at rates prescribed under Schedule II of the Companies Act 2013. The Company has used the following rates to provide depreciation on its property, plant and equipment.

Asset class	Estimated useful life
Computers	3 years
Furniture and Fixtures	10 years
Office equipment	5 years
Motor cars	8 years
Leasehold improvements	6 years
Electrical installations	6 years

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

## 2.10 Intangible assets and amortisation

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

The useful lives of intangible assets are assessed as finite.

Intangible assets are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset are reviewed at least at the end of each reporting period. Changes in the expected useful life are considered to modify the amortisation period, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

#### **Research and Development costs, Product Registration and Licences**

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- It is probable that future economic benefits will flow to the Company and the Company has control over the asset

Cost of Product Registration generally comprise of costs incurred towards creating product dossiers, fees paid to registration consultants, application fees to the ministries, data compensation costs, data call-in costs and fees for task-force membership.

In situations where consideration for data compensation is under negotiation and is pending finalisation of contractual agreements, cost is determined on a best estimate basis by the management, and revised to actual amounts on conclusion of agreements.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation expense is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

During the period of development, the asset is tested for impairment annually.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of respective intangible assets.

<b>Asset Class</b>	<b>Years</b>
Computer software	4 Years
Product Registration and Licences	5 Years

#### **2.11 Impairment of non-financial assets**

The Company assesses, at each reporting date, whether there is an indication that an 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. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal, and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

An assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. 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. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss.

#### **2.12 Lease**

The Company has adopted Ind AS 116 effective from 1st April 2019 using modified retrospective approach. For the purpose of preparation Financial Information, management has evaluated the impact of change in accounting policies required due to adoption of Ind AS 116 for year ended 31st March 2020.

The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified assets, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

As a lessee, the Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Lease payments included in the measurement of the lease liability comprise the fixed payments, including in-substance fixed payments;

The lease liability is measured at amortized cost using the effective interest method.

The Company has used number of practical expedients when applying Ind AS 116: - Short-term leases, leases of low-value assets and single discount rate.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term. The Company applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.

The Company's leases mainly comprise office buildings. The Company leases buildings for office purpose.

### **2.13 Inventories**

Inventories include raw materials, traded goods and finished goods. Inventory is valued at lower of cost or net realizable value. The comparison of cost and net realisable value is made on an item to item basis.

Cost comprises the purchase price, costs of conversion and other related costs incurred in bringing the inventories to their present location and condition. Cost is determined on a weighted average basis as per individual location which is done on specific identification of batches. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sales.

Obsolete, defective and unserviceable inventories are duly provided in the financial statements.

### **2.14 Provisions**

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The expense relating to a provision is presented in the statement of profit and loss.

These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Provision in respect of loss contingencies relating to claims litigation, assessment, fines, penalties etc. are recognized when it is probable that a liability has been incurred, and the amount can be estimated reliably.

### **2.15 Contingent Liabilities and Contingent Assets**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources, or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for.

The Company does not recognize a contingent liability but discloses its existence in the financial statements.

A contingent asset is not recognised unless it becomes virtually certain that an inflow of economic benefits will arise. When an inflow of economic benefits is probable, contingent assets are disclosed in the financial statements.

Contingent liabilities and contingent assets are reviewed at each balance sheet date.

### **2.16 Employee benefit expenses**

Employee benefits consist of contribution to provident fund, gratuity fund and compensated absences.

#### **Post-employment benefit plans**

##### *Defined Contribution plans*

Payments to defined contribution retirement benefit scheme for eligible employees in the form of provident fund are charged as an expense as they fall due. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made.

##### *Defined benefit plans*

The Company operates defined benefit plans - gratuity fund.

The liability recognised in the balance sheet in respect of its defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the said obligation is determined by discounting the estimated future cash outflows, using market yields of government bonds that have tenure approximating the tenures of the related liability.

The interest income / (expense) are calculated by applying the discount rate to the net defined benefit liability or asset. The net interest income / (expense) on the net defined benefit liability or asset is recognised in the Statement of Profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the Statement of Changes in Equity and in the Balance Sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

### **Short-term employee benefit**

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as a liability at the present value of the other long-term employment benefits which is determined at each balance sheet date based on arithmetical calculation.

## **2.17 Financial instruments**

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

### **Financial assets**

#### ***Initial recognition and initial measurement***

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

#### ***Classification and subsequent measurement***

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments

#### ***Debt instruments at amortised cost***

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

#### ***Debt instrument at FVTOCI***

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the statement of profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from equity to the statement of profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

#### ***Debt instrument at FVTPL***

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL.

However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

### ***Equity investments***

Investments in subsidiaries and associates are carried at cost. All other equity investments in scope of Ind AS 109 are measured at fair value.

Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of amounts from OCI to the statement of profit and loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

### ***Derecognition***

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, 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.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability.

The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

#### ***Impairment of financial assets***

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance
- b) Financial assets that are debt instruments and are measured as at FVTOCI
- c) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115 (referred to as 'contractual revenue receivables' in these financial statements)

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.

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.
- 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.

#### ***Financial liabilities***

##### ***Initial recognition and measurement***

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

##### ***Subsequent measurement***

The measurement of financial liabilities depends on their classification, as described below:

##### ***Financial liabilities at fair value through profit or loss***

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the statement of profit or loss.

##### ***Loans and borrowings***

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

**Derecognition**

A financial liability is derecognised 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.

**Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**2.18 Cash and cash equivalents**

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

**2.19 Dividend to Equity shareholders**

The Company recognises a liability to make cash distributions to equity holders when the dividend is approved by shareholders.

**2.20 Earnings per share**

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Earnings considered in ascertaining the company's earnings per share are the net profit for the year attributable to equity shareholders.

For the purpose of calculating diluted earnings per share, the net profit after tax for the period attributable to equity shareholders and the weighted average number of equity shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares, except where the results would be anti-dilutive.

**2.21 Segment reporting**

Based on "Management Approach" as defined in Ind AS 108 -Operating Segments, the Chief Operating Decision Maker evaluates the Company's performance and allocates the resources based on an analysis of various performance indicators by business segments. Inter segment sales and transfers are reflected at market prices.

Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. Inter segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors. Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on a reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities".

Unallocable items include general corporate income and expense items which are not allocated to any business segment.

## SHARDA USA LLC

## Notes to financial statements for the year ended December 31, 2020

## 3 Cash and Cash Equivalents

Particulars	As at	As at
	31-Dec-2020	31-Dec-2019
	INR	INR
Balances with Banks	1,89,672	1,85,220
<b>Total</b>	<b>1,89,672</b>	<b>1,85,220</b>

## 4 Share Capital

Particulars	As at	As at
	31-Dec-2020	31-Dec-2019
	INR	INR
<b>Authorised share capital:</b> 100 ( Previous year : 100) Shares of USD 1 each	4,495	4,495
<b>Issued and Subscribed share capital</b>	-	-
<b>Total Issued &amp; Subscribed share capital</b>	-	-

## B Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Particulars	Equity Shares		Equity Shares	
	As at		As at	
	31-Dec-2020		31-Dec-2019	
	INR	INR	Number	INR
At the beginning of the period	-	-	-	-
Issued during the period	-	-	-	-
<b>Outstanding at the end of the period</b>	-	-	-	-

## C Details of shareholders holding more than 5% of shares in the company

Name of Shareholder	As at		As at	
	31-Dec-2020		31-Dec-2019	
	No. of Shares	% of Holding	No. of	% of Holding
Sharda Cropchem Limited	-	100.00%	-	100.00%

## 5 Reserves and Surplus

Particulars	As at	As at
	31-Dec-2020	31-Dec-2019
	INR	INR
<b>Surplus / (Deficit)</b>		
Balance at the beginning of the year	(6,507)	(6,405)
06.05 Add : Profit/(loss) for the year	2,01,091	(102)
<b>Balance at the end of the year</b>	<b>1,94,584</b>	<b>(6,507)</b>
<b>Foreign currency translation reserve</b>		
Balance at the beginning of the year	(2,005)	(1,815)
Add : Foreign currency translation reserve for the year	(2,907)	(190)
<b>Balance at the end of the year</b>	<b>(4,912)</b>	<b>(2,005)</b>
<b>Total</b>	<b>1,89,672</b>	<b>(8,512)</b>

## 6 Trade Payables

Particulars	As at	As at
	31-Dec-2020	31-Dec-2019
	INR	INR
Other payables	-	1,93,732
<b>Total</b>	-	<b>1,93,732</b>



## SHARDA USA LLC

Notes to financial statements for the year ended December 31, 2020

## 7 Other income

Particulars	Year ended 31-Dec-2020	Year ended 31-Dec-2019
	INR	INR
Bank Interest	27	39
Other Income	2,01,064	-
<b>Total</b>	<b>2,01,091</b>	<b>39</b>

## 8 Other expense

Particulars	Year ended 31-Dec-2020	Year ended 31-Dec-2019
	INR	INR
Bank Charges	-	141
<b>Total</b>	<b>-</b>	<b>141</b>

## 9 Fair Value Measurements

	As at 31-Dec-2020			As at 31-Dec-2019		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
<b>Financial Assets</b>						
Total Financial Assets	-	-	-	-	-	-
<b>Financial Liabilities</b>						
Total Financial liabilities	-	-	-	-	-	-

## 10 Contingent liabilities and Commitments

Particulars	As at 31-Dec-2020	As at 31-Dec-2019
	INR	INR
Contingent liabilities	NIL	NIL
Commitments	NIL	NIL

## 11 Segment reporting

The Company operates in a single and related business segment viz. Agro Chemicals . Therefore, the information required by the IND AS 108 on segment reporting is not applicable to the Company.

## 12 Previous year comparatives

The figures of the previous year have been regrouped/reclassified to correspond with the current year's classification/disclosures.

As per our report of even date  
For V.K.BESWAL & ASSOCIATES  
CHARTERED ACCOUNTANTS  
Firm Registration No. 101083W

For and on behalf of the Board of Directors of  
SHARDA USA LLC

KUNAL V. BESWAL  
[PARTNER]  
Membership Number - 131054  
PLACE : MUMBAI  
Date: 06.05.2021

R. V. BUBNA  
DIRECTOR