

V.K. Beswal & Associates

CHARTERED ACCOUNTANTS

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Report on the Financial Statements

We have audited the accompanying financial statements of **SHARDA COLOMBIA S.A.S**, ("the Company"), which comprise the Statement of financial position for the year ending March 31, 2023, and the Statement of Comprehensive income, Statement of changes in equity and cash flows for the period then ended, including a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

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

Auditor's Responsibility

Our Responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Financial Reporting Standards on Auditing. Those standards require that we comply ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence on the auditor's judgment, including the assessment of risk of material miss statement of the financial statements, whether due to fraud or error. In making those risk assessment; the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statement in order to design audit procedure that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimate made by the management, as well as the overall presentation of the financial statements.

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

Opinion

In Our opinion the financial statements present fairly, in all material respect, the financial position of **SHARDA COLOMBIA S.A.S**, for the year ending March 31, 2023 and its financial performance and its cash flow for the period then ended in accordance with International Financial Reporting Standards.

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

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BESWAL**

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PARTNER

M.NO.131054

PLACE: MUMBAI

DATED: 18.04.2023.

UDIN: 23131054BGUWV4599

SHARDA COLOMBIA SAS**(Registration No. 01615833)****Statement of Financial Position as at 31st March, 2023**

	Notes	As at March 31 , 2023 US \$	As at March 31 , 2022 US \$
ASSETS			
Non Current Assets			
Fixed assets	6	1,366	1,872
Deferred Tax Asset		28,371	14,427
Current assets			
Inventories	7	1,115	21,008
Trade and other receivables	8	2,10,725	1,13,447
Prepayments	9	1,22,268	1,28,497
Cash and Cash equivalents	10	16,810	33,246
TOTAL ASSETS		3,80,655	3,12,497
EQUITY AND LIABILITIES			
Equity			
Share capital	11	1,25,391	1,25,391
Other Equity		(19,287)	37,232
Equity funds		1,06,104	1,62,623
Total Equity		1,06,104	1,62,623
Current liabilities			
Trade and other payables	12	2,24,588	88,597
Miscellaneous liabilities	13	49,963	61,277
		2,74,551	1,49,874
TOTAL EQUITY AND LIABILITIES		3,80,655	3,12,497

The accompanying notes 1 to 22 form an integral part of these financial statements.

For Sharda Colombia SAS

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R.V. Bubna**Director & President****Date: 18.04.2023**

SHARDA COLOMBIA SAS

(Registration No. 01615833)

Statement of Comprehensive Income for the year ended 31st March, 2023

	Notes	As at March 31, 2023 US \$	As at March 31, 2022 US \$
Revenue	14	4,42,861	2,90,874
Cost of sales	16	4,16,037	2,92,825
Profit from operating activities		26,824	(1,951)
Other Income	15	1,954	3,495
Expenses	17	70,200	97,493
Profit/(Loss) from operations		(41,422)	(95,949)
Finance Income		434	153
Finance costs	18	1,985	3,904
Finance costs (Net)		(1,551)	(3,751)
Depreciation	6	895	950
Net profit/(Loss) before tax for the period		(43,868)	(1,00,650)
Current Tax		(16)	1,547
Deffered Tax		(17,294)	(7,337)
Net Profit/(Loss) for the period		(26,558)	(94,860)
Other Comprehensive income			
Net Income		3,404	(91,957)
Prior Period Expenses/Income		-	-
Foreign Currency Translation difference		(29,962)	(2,903)
Total Comprehensive Income		(56,520)	(97,763)

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R.V. Bubna

Director & President

Date: 18.04.2023

SHARDA COLOMBIA SAS

(Registration No. 01615833)

Statement of Cash flows for the year ended 31st March,2023

	<i>As at March 31 , 2023 US \$</i>	<i>As at March 31 , 2022 US \$</i>
<u>Cash flows from operating activities</u>		
Net Profit/(Loss) for the year before tax	(43,868)	(1,00,650)
<u>Adjustments for:</u>		
Depreciation	895	950
Baddebts	-	-
Finance costs	1,551	3,751
Operating profit/(loss) before working capital changes	(41,422)	(95,949)
Changes in miscellaneous assets		-
Changes in Inventories	19,893	1,08,518
Changes in Trade and other receivables	(97,278)	4,68,895
Changes in Prepayments	12,528	(26,395)
Changes in Trade and other payables	1,35,991	(4,46,103)
Changes in miscellaneous liabilities	(11,314)	21,124
Taxes paid		-
Sub total	18,398	30,090
Taxes Paid	-	-
Net cash (used in) operating activities	18,398	30,090
<u>Cash flows from investing activities</u>		
Purchase of Fixed Assets	(713)	-
Net cash (used in) investing activities	(713)	-
<u>Cash flows from financing activities</u>		
Finance costs paid	(1,551)	(3,751)
Net cash from financing activities	(1,551)	(3,751)
Net changes in cash and cash equivalents	16,134	26,339
Cash and cash equivalents at beginning of period	33,246	9,980
Net Foreign exchange difference	(32,569)	(3,073)
Cash and cash equivalents at the end of the period	16,810	33,246
	16,810	33,246

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For Sharda Colombia SAS

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R.V. Bubna**Director & President****Date: 18.04.2023**

SHARDA COLOMBIA SAS
(Registration No. 01615833)
Statement of Changes in Equity for the year ended 31st March,2023

	Share capital US \$	Reserves US \$	Foreign currency translation reserve US \$	Total US \$
As at 1st April, 2021	1,25,391	(1,98,285)	3,33,280	1,34,995
Net profit/(loss) for the period	-	(94,860)		(94,860)
Other comprehensive income			(2,902)	(2,902)
As at 31st March, 2022	1,25,391	(2,93,145)	3,30,378	37,233
Increase in Share Capital	-			
Net profit/(loss) for the period		(26,558)		(26,558)
Other comprehensive income			(29,962)	(29,962)
As at 31st March, 2023	1,25,391	(3,19,703)	3,00,416	(19,287)

The shareholder as at 31/03/2023 and its interest as of that date in share capital of the Company are as follows:

Name	Incorporation	No. of shares	Peso	US \$
M/s.Siddhivinayak International limited.	United Arab Emirates.	28,687	2868,70,000	1,24,607
Mr. Ramprakash Bubna	NA	30	3,00,000	157
Mr. Ashish Bubna	NA	30	3,00,000	157
Ms. Sharda Bubna	NA	30	3,00,000	157
Mr. Manish Bubna	NA	30	3,00,000	157
Ms. Seema Bubna	NA	30	3,00,000	157
TOTAL		28,837	2883,70,000	1,25,391

The accompanying notes 1 to 22 form an integral part of these financial statements.

For Sharda Colombia SAS

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cn=RAMPRAKASH VILASRAI BUBNA

R.V. Bubna
Director & President
Date: 18.04.2023

SHARDA COLOMBIA SAS

(Registration No. 01615833)

Notes to the Financial Statements for the year ended 31st March 2023

6. Fixed assets	<i>Office Equipments</i>	<i>Furniture & Fixtures</i>	<i>Total</i>
	<u>US \$</u>	<u>US \$</u>	<u>US \$</u>
Cost			
As at 01.04.2022	7,498	10,168	17,666
Addition during the year	713	-	713
As at 31.03.2023	8,211	10,168	18,379
Exchange difference	(1,424)	(1,931)	(3,355)
As at 31.03.2023	6,787	8,237	15,024
Depreciation			
As at 01.04.2022	7,498	8,296	15,794
Charge for the period	80	815	895
Exchange difference	(1,427)	(1,604)	(3,031)
As at 31.03.2023	6,151	7,507	13,658
Net book value			
As at 01.04.2022	-	1,872	1,872
As at 31.03.2023	636	730	1,366

SHARDA COLOMBIA SAS
Notes to the Financial Statements for the year ended 31st March,2023

	US \$ March 2023	US \$ March 2022
7 Inventories		
Trading Goods	1,115	21,008
	1,115	21,008
8 Trade and other receivables		
Trade receivables	2,10,725	1,13,447
	2,10,725	1,13,447
9 Prepayments		
Advance to Suppliers	58	11
Rent deposit	4,862	6,003
Interest On Rent Deposit	2,232	2,247
COGS IMPACT OF IND AS	36,803	39,082
Balance with Govt Authority	78,313	81,154
	-	-
	1,22,268	1,28,497
10 Cash & Cash Equivalents		
Cash balance	-	200
Balance with Banks	16,810	33,046
	16,810	33,246
11 Share capital		
Authorised :		
1,00,000 Shares of 10,000 Colombian Pesos each (1,00,000 Shares of 10,000 Colombian Pesos each)	300,00,000	300,00,000
Issued and paid up		
28837 Shares of 10000 Colombian Pesos each (28873 Shares of 10000 Colombian Pesos each)	1,25,391	1,25,391
	1,25,391	1,25,391
12 Trade and other payables		
Trade payables	2,24,588	88,597
	2,24,588	88,597
13 Miscellaneous Liabilities		
Advances from customers	-	1,426
Expected Returns from Customers	49,200	53,735
For Future Capitalisation	1	1
Duty & Taxes	762	6,115
	49,963	61,277

SHARDA COLOMBIA SAS
Notes to the Financial Statements for the year ended 31st March,2023

	US \$ March 2023	US \$ March 2022
14 Revenue from Operations		
Sale of Agrochemicals	4,42,861	2,90,874
	4,42,861	2,90,874
15 Other Income		
Sundry Balance Written Back	1,954	569
Miscellaneous Income	-	-
Foreign Exchange Gain (Net)	-	2,926
	1,954	3,495
16 Cost of Goods Sold		
Opening balance	21,008	1,29,526
Add / (Less): Exchange rate fluctuation on account of average rate transferred to currency translation reserve	(3,370)	(3,214)
Purchase	4,03,758	2,03,625
direct expenses	(4,204)	(16,564)
Quality Rate discount(Purchase)	-	-
Closing balance	1,115	21,008
Add / (Less): Exchange rate fluctuation on account of average rate transferred to currency translation reserve	40	(460)
	4,16,037	2,92,825
17 Expenses		
<u>Administrative Expenses :</u>		
Salary and related expenses	11,839	21,164
Sales commission	-	1,426
Administrative Expenses	2,630	2,291
Communication Expenses	671	893
Legal Professional fees	25,382	33,491
Audit Fees	-	6,011
Rent	10,873	12,859
Advertising and sales promotion	770	43
Travelling Expenses	3,740	3,517
Other Miscellaneous Expense	351	1,439
Other misc taxes	4,960	4,011
Repair & Maintainance	213	-
Freight and forwarding charges	8,771	10,348
	70,200	97,493
18 Finance Cost		
Bank Charges	1,985	3,904
	1,985	3,904
19 Contingent Liability		

There was no contingent liability of a significant amount at the balance sheet date.

20 Related party transactions

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

(a) Nature of relationship:

Particulars	Nature of Relationship
1. Sharda Cropchem Limited	Holding Company of Sharda International DMCC
2. Sharda International DMCC	Holding Company

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

Particulars	As at March 31 , US \$	As at March 31 , 2022 US \$
<u>Transaction during the year:</u>		
Purchase from Sharda International DMCC	-	-
Purchase from Sharda Cropchem Limited	3,96,664	1,98,149
Credit Note from Sharda Cropchem Ltd * (on account of Ex- change rate difference in COP & INR)		
Credit Note from Sharda Cropchem Limited *(on account of Ex- change rate difference in COP & INR)		
Repayment of Loan of Sharda International DMCC**		
<u>Outstanding balance:</u>		
Sharda International DMCC		
Creditors for goods- Sharda International DMCC	-	-
Creditors for goods- Sharda Cropchem Limited	2,22,604	84,602

21 Financial instruments: Credit, interest rate, liquidity and exchange rate risk exposures**Credit risk (As per the management)**

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

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

There is no significant concentration of credit risk from trade receivables within Colombia, outside Colombia and outside the industry in which the company operates.

22 Liquidity risk

The following are the contractual maturities of the company’s financial liabilities as of 31st March 2023:

Non-derivative financial liabilities	March 2023		March 2022	
	Carrying	Payable within next 12 months	Carrying	Payable within next 12 months
	US \$	US \$	US \$	US \$
Trade and other payables:				
Trade payables	2,24,588	2,24,588	88,597	88,597
Advance received from customers	-	-	1,426	1,426
Accruals and provisions	-	-	-	-
Other payables	762	762	6,115	6,115

4 b (c) Disclosures required to be given under IFRS 15 Revenue from Contracts with Customers

- (A) The Company is engaged in the business of dealing in agrochemical products in Colombia. Revenue from sale of goods is recognized when control of the goods have been passed to the buyer. Revenue from the sale of goods is measured at amount of consideration which an entity expects to be entitled in exchange for transferring promised goods to the customer, net of returns and allowances, trade discounts, volume rebates and cash discounts. The Company operates a loyalty programme where customers accumulate points for purchases made. Revenue related to the award points is deferred and recognised when the points are redeemed. The amount of revenue is based on the number of points redeemed relative to the total number expected to be redeemed.

(B) Reconciliation of revenue recognised from Contract liability:

(Amt in USD)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Opening Contract liability	1,426	1,484
Less: Recognised as revenue during the year	1,426	58
Add: Addition to contract liability during the year		-
Add: Other Adjustments	-	-
Closing Contract liability	-	1,426

(C) Reconciliation of revenue as per contract price and as recognised in statement of profit and loss:

(Amt in USD)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Revenue from contract with customer as per Contract price	4,48,743	3,10,940
Less: Discounts and incentives	-	-
Less:- Sales Returns /Credits / Reversals	5,882	20,066
Less:- Any other adjustments	-	-
Revenue from contract with customer as per statement of profit and loss	4,42,861	2,90,874

(D) Disaggregation of revenue from contract with customers

Year ended March 31, 2023

(Amt in USD)

Particulars	Revenue from contracts with customers (IFRS 15)	Revenue from operations from other than customers	Total Revenue from Operations	Other Income	Total Income
Agrochemicals - LATAM	4,42,861	-	4,42,861	-	4,42,861
Other income - Unallocated	-	-	-	1,954	1,954
Total	4,42,861	-	4,42,861	1,954	4,44,815

Year ended March 31, 2022

(Amt in USD)

Particulars	Revenue from contracts with customers (IFRS 15)	Revenue from operations from other than customers	Total Revenue from Operations	Other Income	Total Income
Agrochemicals - LATAM	2,90,874	-	2,90,874	-	2,90,874
Other income - Unallocated	-	-	-	3,495	3,495
Total	2,90,874	-	2,90,874	3,495	2,94,369

SHARDA COLOMBIA SAS

(Incorporated in the Chamber of Commerce in Bogota, Colombia.)

(Registration No. 01615833)

Notes to the Financial Statements

for the year ended 31 March 2023

1. Legal status and business activity

- a) **SHARDA COLOMBIA SAS** is a limited liability company registered in the Chamber of Commerce of Bogota, Colombia incorporated on 13.07.2006.

The Company is principally engaged in the trading of agro-chemicals (technical grade and formulations).

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 2022 and the applicable rules and regulations of the chamber of commerce in Bogota, Colombia.

- b) **Basis of measurement**

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

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

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

- c) **Functional and presentation currency**

The functional currency of the company is Colombian Pesos(COP). 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. Colombian Pesos(COP) is currently pegged to USD and there are no differences on translation from functional to presentation currency.

3. Use of estimates and judgments

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

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

Judgments made in applying accounting policies

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

Revenue from contracts with customers

Sale of goods

- **Timing for transfer of control of goods:**

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

- **Financing components**

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

- **Determining the transaction price:**

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

- **Allocating the transaction prices:**

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

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

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

Impairment of non-financial assets

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

Financial assets at amortized cost

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

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

Financial assets at fair value through profit or loss

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

Key sources of estimation uncertainty and assumptions

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

Residual values of fixed assets

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

Estimated useful life of fixed assets

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

Inventory provision

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

Provision for expected credit losses of trade receivables and contract assets

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

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

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

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

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

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

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

4. 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:

- Annual improvements to IFRS Standards 2018 – 2020 Cycle - Amendments to IFRS 1, IFRS 9, IFRS 16, and IAS 41.
- Reference to the Conceptual Framework – Amendments to IFRS 3
- Property, Plant, and Equipment: Proceeds before Intended Use – Amendments to IAS 16
- Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37
- AIP IFRS 9 Financial Instruments – Fees in the '10 percent' test for derecognition of financial liabilities
- AIP IAS 41 Agriculture – Taxation in fair value measurements.

During the current year, the management has adopted the above standards and amendments to the extent applicable to them from the financial reporting year commencing on or after 1 April 2022.

The amendments listed above did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

b) International Financial Reporting Standards issued but not effective.

IFRS17 -Insurance Contracts- The effective date of the standard is set for annual periods beginning on or after 1 January 2023.

Amendments to IFRS 3 Reference to Conceptual Framework, IAS 37 Onerous Contract – the cost of fulfilling a contract, and IAS 16 Property, Plant & Equipment: proceeds before intended use – beginning on or after 1 January 2023.

Definition of Accounting Estimates - Amendments to IAS 8 - beginning on or after 1 January 2023.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2 - beginning on or after 1 January 2023.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12- beginning on or after 1 January 2023.

Lease Liability in a Sale and Leaseback – Amendments to IFRS 16, Classification of Liabilities as Current or Non-current - Amendments to IAS 1 - beginning on or after 1 January 2024.

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

5. Significant accounting policies:

a) Property, Plant and Equipment

- **Recognition and measurement**

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

- **Subsequent expenditure**

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

- **Depreciation**

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

Furniture & Fixture	10.0 years
Office equipment	5.0 years

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

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.

Classification and subsequent measurement of financial assets:

Financial assets at amortized cost (debt instruments) (contd.):

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

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

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

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

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

Financial assets at fair value through profit or loss

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

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

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

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

iii. *Classification and subsequent measurement of financial liabilities*

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

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

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

iv. *Derecognition of financial assets and financial liabilities*

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

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

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

v. *Offsetting of financial instruments*

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

vi. *Impairment of financial assets*

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

Expected credit losses are recognized in two stages.

- For credit exposures for which there has not been a significant increase in credit risk since initial recognition, expected credit losses are provided for credit losses that result from default events that are possible within the next 12-months.

- For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default.

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

vii. *Derivative financial instruments*

Initial recognition and subsequent measurement

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

c) *Inventories*

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

Cost comprises invoice value plus attributable direct expenses.

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

d) *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.

e) *Impairment of non-financial assets*

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

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

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

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

f) 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.

g) Leases

The Company as lessee

Lessee accounting

The Company has elected to apply the expedient allowed by IFRS 16 on its general requirements to short-term leases (i.e. one that does not include a purchase option and has a lease term at commencement date of 12 months or less) and leases of low value assets. For this the Company recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term or another systematic basis if that basis is representative of the pattern of the lessee's benefits, similar to the current accounting for operating leases.

Short-term leases and leases of low value assets

The Company applies the short-term lease recognition exemption to its short-term leases office premises (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

The Company has assessed that the impact of IFRS 16 is not material on the financial statements of the company as at the adoption date and the reporting date.

h) Revenue recognition

Sales of goods

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

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

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

Interest income

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

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

Dividend income

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

i) 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.

j) Dividend and interim dividend

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

k) Trade and Other Receivables

Trade Receivable are carried at the original invoice amount to the customer. And estimate is made for doubtful receivable based on periodic review of all outstanding amounts. Bad debts are written off when identified.

l) Trade and Other Payables

Liabilities are recognised for amounts to be paid for goods or services received, whether, invoice by the supplier or not.

m) Fair Value

The Fair Value of foreign exchange contracts is calculated by reference to current forward exchange rates with the same maturity.

n) Income Tax

The Income tax expenses or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of laws enacted or substantively enacted at the end of the reporting period in the country where the company generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

o) Borrowing costs

Finance expenses comprises finance cost on bank borrowing and interest paid to a shareholder is recognized in statement of comprehensive income.

For Sharda Colombia SAS

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Director & President

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