

**SHARDA INTERNATIONAL DMCC**

**Financial Statements**

***31 March 2022***

***Registered office:***

Unit No. 1648  
DMCC Business Centre,  
Level No 1  
Jewellery & Gemplex 3  
Dubai, U.A.E.

# SHARDA INTERNATIONAL DMCC

## Financial Statements

31 March 2022

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## SHARDA INTERNATIONAL DMCC Directors' Report

The directors submit their report and accounts for the year ended 31 March 2022.

### Results and dividend:

The profit for the year amounted to US \$ 10,106,461/-. The directors have approved payment of interim dividend amounting to US\$ 3,000,000/- for the year ended 31 March 2022.

### Review of the business:

The company is registered to carry out trading in basic industrial chemicals, rubber, agricultural & veterinary pesticides, chemical fertilizers, organic fertilizers, organic fertilizer & plant feed, packing & packaging materials. During the year, the company has mainly traded in rubber items such as conveyer belts.

### Events since the end of the year

There were no significant events, which have occurred since the year-end that materially affect the company.

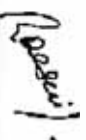
### Shareholder and its interest:

The shareholder at 31 March 2022 and its interest as of that date in the share capital of the company was as follows:

	<i>Incorporation</i>	<i>No. of shares</i>	<i>AED</i>	<i>US \$</i>
Sharda Cropchem Limited	India	2	200,000	54,440

### Auditors

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



Mrs. Raksha Desai  
Director





Mr. Ramprakash Bubna  
Director





## **Independent Auditors' Report to the Shareholder of SHARDA INTERNATIONAL DMCC**

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

#### **Opinion**

We have audited the accompanying financial statements of **Sharda International DMCC** ("the Company"), which comprises of the statement of financial position as at 31 March 2022, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and explanatory notes.

In our opinion, the financial statements present fairly, in all material respects the financial position of the company as of 31 March 2022 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

#### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the UAE, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

#### **Other Information**

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we concluded that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

## Independent Auditors' Report to the Shareholder of SHARDA INTERNATIONAL DMCC

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

#### Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Those Charged with Governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### Report on Other Legal and Regulatory Requirements

We further confirm that we have obtained all information and explanations necessary for our audit and those proper financial records have been maintained by the company in accordance with the DMCC Company Regulations No. 1 of 2013. To the best of our knowledge and belief no violations of said regulations have occurred which would have had a material effect on the business of the company or on its financial position.

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

Signed by:

Sonal P. Shah (Registration No. 123)



## SHARDA INTERNATIONAL DMCC

Statement of Financial Position  
At 31 March 2022

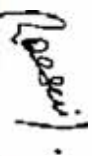
	Notes	2022 US \$	2021 US \$
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	6	3,422	3,288
Investment in subsidiaries	7	802,132	720,472
		<u>805,554</u>	<u>723,760</u>
<b>Current assets</b>			
Inventories	8	1,687	1,687
Trade and other receivables	9	32,395,247	14,742,652
Prepayments		16,777	11,132
Due from a related party	20	42,996	5,699
Bank balances	10	1,612,781	3,934,133
		<u>34,069,488</u>	<u>18,695,303</u>
<b>TOTAL ASSETS</b>		<b><u>34,875,042</u></b>	<b><u>19,419,063</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	11	54,440	54,440
Accumulated profits		21,239,843	14,133,382
<b>Total equity</b>		<b><u>21,294,283</u></b>	<b><u>14,187,822</u></b>
<b>Current liabilities</b>			
Trade and other payables	12	13,580,759	5,231,241
		<u>13,580,759</u>	<u>5,231,241</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>34,875,042</u></b>	<b><u>19,419,063</u></b>

The accompanying notes 1 to 25 form an integral part of these financial statements.

The Independent Auditors' Report is set forth on pages 2 to 3.

Approved by the shareholder/board of directors on 26<sup>th</sup> April 2022 and signed on their behalf by:

For SHARDA INTERNATIONAL DMCC



Mrs. Raksha Desai  
Director





Mr. Ramprakash Bubna  
Director





## SHARDA INTERNATIONAL DMCC

Statement of Comprehensive Income  
for the year ended 31 March 2022

	<i>Notes</i>	2022 <u>US \$</u>	2021 <u>US \$</u>
<b>Sales</b>	13	78,111,321	45,060,633
Cost of sales	14	<u>(66,803,474)</u>	<u>(37,338,549)</u>
<b>Gross profit</b>		<b>11,307,847</b>	<b>7,722,084</b>
Other income	15	143,037	1,068,802
Expenses	16	(1,297,545)	(971,953)
Unrealised gain/ (loss) on forward contracts (net)	21	<u>21,562</u>	<u>(47,525)</u>
<b>Profit from operations</b>		<b>10,174,901</b>	<b>7,771,408</b>
Interest income	17	872	2,777
Finance costs	18	<u>(69,312)</u>	<u>(55,433)</u>
<b>Profit for the year</b>		<b>10,106,461</b>	<b>7,718,752</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<u><b>10,106,461</b></u>	<u><b>7,718,752</b></u>

*The accompanying notes 1 to 25 form an integral part of these financial statements.*

## SHARDA INTERNATIONAL DMCC

Statement of Changes in Equity  
for the year ended 31 March 2022

	Share Capital US \$	Accumulated Profits US \$	Total US \$
<b>As at 31 March 2020</b>	<b>54,440</b>	<b>12,414,630</b>	<b>12,469,070</b>
Profit for the year	-	7,718,752	7,718,752
Dividend paid	-	<u>(6,000,000)</u>	<u>(6,000,000)</u>
<b>As at 31 March 2021</b>	<b>54,440</b>	<b>14,133,382</b>	<b>14,187,822</b>
Profit for the year	-	10,106,461	10,106,461
Dividend paid	-	<u>(3,000,000)</u>	<u>(3,000,000)</u>
<b>As at 31 March 2022</b>	<b><u>54,440</u></b>	<b><u>21,239,843</u></b>	<b><u>21,294,283</u></b>

The accompanying notes 1 to 25 form an integral part of these financial statements.



## SHARDA INTERNATIONAL DMCC

**Statement of Cash Flows**  
for the year ended 31 March 2022

	<i>Notes</i>	
	<b>2022</b>	<b>2021</b>
	<u>US \$</u>	<u>US \$</u>
<b><u>Cash flows from operating activities</u></b>		
Profit for the year	10,106,461	7,718,752
Adjustments for:		
Depreciation	464	460
Interest income	(872)	(2,777)
Finance costs	<u>69,312</u>	<u>55,433</u>
<b>Operating profit before working capital changes</b>	<b>10,175,365</b>	<b>7,771,868</b>
Changes in inventories	-	47,545
Changes in trade and other receivables	(17,652,593)	(2,466,417)
Changes in prepayments	(5,644)	(1,837)
Changes in due from related parties	(37,296)	168,333
Changes in trade and other payables	<u>8,349,515</u>	<u>337,887</u>
<b>Net cash from operating activities</b>	<b><u>829,347</u></b>	<b><u>5,857,379</u></b>
<b><u>Cash flows from investing activities</u></b>		
Changes in fixed deposits	(350,710)	(2,777)
Purchase of fixed assets	(599)	-
Changes in investment in subsidiaries	(81,660)	-
Interest income	<u>872</u>	<u>2,777</u>
<b>Net cash (used in) from investing activities</b>	<b><u>(432,097)</u></b>	<b><u>-</u></b>
<b><u>Cash flows from financing activities</u></b>		
Finance costs paid	(69,312)	(55,433)
Dividend paid	<u>(3,000,000)</u>	<u>(6,000,000)</u>
<b>Net cash (used in) financing activities</b>	<b><u>(3,069,312)</u></b>	<b><u>(6,055,433)</u></b>
<b>Net changes in cash and cash equivalents</b>	<b>(2,672,062)</b>	<b>(198,054)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b><u>3,655,315</u></b>	<b><u>3,853,369</u></b>
<b>Cash and cash equivalents at the end of the year</b>	<b>19 <u>983,253</u></b>	<b><u>3,655,315</u></b>

The accompanying notes 1 to 25 form an integral part of these financial statements.

**SHARDA INTERNATIONAL DMCC**

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

**Notes to the Financial Statements**  
*for the year ended 31 March 2022*

**1. Legal status and business activity**

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

b) The company is registered to carry out trading in basic industrial chemicals, rubber, agricultural & veterinary pesticides, chemical fertilizers, organic fertilizers, organic fertilizer & plant feed, packing & packaging materials. During the year, the company has mainly traded in rubber items such as conveyer belts.

c) These financial statements have been prepared as a stand-alone company, and reflect the operations of **SHARDA INTERNATIONAL DMCC** only and does not include the financial statements of its four wholly owned subsidiaries i.e.1) **SIDDHIVINAYAK INTERNATIONAL LIMITED, U.A.E, 2) SHARDA BENELUX BVBA, BELGIUM and 3) EUROAZISKI PESTICIDI D.O.O., CROATIA. 4) SHARDA IMPEX TRADING LLC, U.A.E.**

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

**2. Basis of preparation****a) Statement of compliance**

The financial statements are prepared in accordance with International Financial Reporting Standards issued or adopted by the International Accounting Standards Board (IASB) and which are effective for accounting periods beginning on or after 1 January 2021 and the applicable rules and regulations of the Dubai Multi Commodities Centre.

**b) Basis of measurement**

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

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

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

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

## SHARDA INTERNATIONAL DMCC

**Notes to the Financial Statements**  
*for the year ended 31 March 2022*

**c) Functional and presentation currency**

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

**d) Investment in subsidiaries**

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

**3. Use of estimates and judgments**

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

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

**Judgments made in applying accounting policies**

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

***Revenue from contracts with customers***

**Sale of goods**

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

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

■ **Financing components**

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

## SHARDA INTERNATIONAL DMCC

Notes to the Financial Statements  
for the year ended 31 March 2022

- Determining the transaction price:

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

- Allocating the transaction prices:

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

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

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

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

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

#### ***Financial assets at amortized cost***

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

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

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

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

**SHARDA INTERNATIONAL DMCC****Notes to the Financial Statements**  
*for the year ended 31 March 2022***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 recognizing 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:

## SHARDA INTERNATIONAL DMCC

Notes to the Financial Statements  
for the year ended 31 March 2022*Provision for expected credit losses of trade receivables and contract assets (contd.):*

- 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:

- Amendments to IFRS 16 Leases- COVID-19-Related Rent Concessions beyond 30 June 2021
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16- Interest Rate Benchmark Reform-IBOR 'Phase 2'

During the current year, the management has adopted the above standards and amendments to the extent applicable to them from their effective dates.

These amendments have no significant impact on the amounts reported in these financial statements. Their adoption has resulted in presentation and disclosure changes only.

##### b) International Financial Reporting Standards issued but not effective

Amendments to IAS 16-Property, Plant and Equipment: Proceeds before Intended Use  
The effective date of the amendments is set for annual periods beginning on or after 1 January 2022

## SHARDA INTERNATIONAL DMCC

### Notes to the Financial Statements for the year ended 31 March 2022

#### International Financial Reporting Standards issued but not effective (contd.)

Amendments to IAS 37-Onerous Contracts – Cost of Fulfilling a Contract: The effective date of the amendments is set for annual periods beginning on or after 1 January 2022.

Amendments to IFRS 3- References to the Conceptual - The effective date of the amendments is set for annual periods beginning on or after 1 January 2022.

Annual Improvements to IFRS Standards 2018–2020 – Amendments to IFRS 1, IFRS 9, IFRS 16 Leases and IAS 41. The effective date of the amendments is set for annual periods beginning on or after 1 January 2022.

Amendments to IAS 1 - Classification of Liabilities as Current or Non-current - The effective date of the amendments is set for annual periods beginning on or after 1 January 2023.

Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of accounting policies - The effective date of the amendments is set for annual periods beginning on or after 1 January 2023.

Amendments to IAS 8-Definition of accounting estimates – The effective date of the amendments is set for annual periods beginning on or after 1 January 2023.

Amendments to IAS 12-Deferred tax related to assets and liabilities arising from a single transaction – The effective date of the amendments is set for annual periods beginning on or after 1 January 2023.

IFRS17 -Insurance Contracts and amendments to IFRS 17- The effective date of the standard is set for annual periods beginning on or after 1 January 2023.

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) Depreciation of fixed assets

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

Computers	3 years
Office equipment	10- 21 years

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

##### b) Investment in subsidiaries

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

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

## SHARDA INTERNATIONAL DMCC

### Notes to the Financial Statements for the year ended 31 March 2022

#### Investment in subsidiaries (contd.):

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

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

#### c) Financial instruments

##### i. Recognition and Initial measurement

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

##### ii. Classification and subsequent measurement of financial assets

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

#### Financial assets at amortized cost (debt instruments)

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

The company's financial assets at amortised cost include trade and other receivables, due from a related party and bank balances. Due to the short term nature of these financial assets, their carrying amounts are considered to be the same as their fair value.

#### 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.



## SHARDA INTERNATIONAL DMCC

**Notes to the Financial Statements**  
**for the year ended 31 March 2022**

*Financial assets at fair value through profit or loss (contd.)*

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.

## SHARDA INTERNATIONAL DMCC

### Notes to the Financial Statements for the year ended 31 March 2022

- 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.

d) **Inventories**

Inventories are valued at lower of cost 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.

## SHARDA INTERNATIONAL DMCC

**Notes to the Financial Statements**  
*for the year ended 31 March 2022*

**e) Foreign currency transactions**

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

**f) Impairment of non-financial assets**

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

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

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

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

**g) Provision**

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

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

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

**h) Leases**

*The Company as lessee*

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.

## SHARDA INTERNATIONAL DMCC

Notes to the Financial Statements  
*for the year ended 31 March 2022*

## i) Revenue recognition

Sales of goods

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

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

The amount of revenue is shown as net of discounts, returns, other similar obligations 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.

## j) Cash and cash equivalents

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

## k) Dividend and interim dividend:

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

## SHARDA INTERNATIONAL DMCC

Notes to the Financial Statements  
for the year ended 31 March 2022

6. Fixed assets	Office		Total US \$
	Computers US \$	Equipment US \$	
Cost			
As at 01.04.2021	3,796	5,463	9,259
Addition during the year	<u>598</u>	-	<u>598</u>
As at 31.03.2022	<u>4,394</u>	<u>5,463</u>	<u>9,857</u>
Depreciation			
As at 01.04.2021	3,796	2,175	5,971
Charge for the year	<u>4</u>	<u>460</u>	<u>464</u>
As at 31.03.2022	<u>3,800</u>	<u>2,635</u>	<u>6,435</u>
Net book value			
As at 31.03.2022	<u>594</u>	<u>2,828</u>	<u>3,422</u>
As at 31.03.2021	<u>-</u>	<u>3,288</u>	<u>3,288</u>

In the opinion of management, there was no impairment in respect of any of the above fixed assets. Hence the carrying value of fixed assets as at 31 March 2022 approximates their net book value.

2022	2021
US \$	US \$

## 7. Investment in subsidiaries

(Stated at cost):

Siddhivinayak International Limited <sup>a</sup>	708,075	708,075
Sharda Benelux BVBA <sup>b</sup>	8,829	8,829
Euroazijski Pesticidi D.O.O <sup>c</sup>	3,568	3,568
Sharda Impex Trading LLC <sup>d</sup>	81,660	-
	<u>802,132</u>	<u>720,472</u>

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

<sup>b</sup> Represents investment in 100% share capital of a company registered in Belgium. The subsidiary company's share capital is divided into 100 shares of Euro 62 each.

<sup>c</sup> Represents investment in 100% share capital of a company registered in Croatia. The subsidiary company's share capital is divided into 1 share of HRK 20,000 each.

<sup>d</sup> Represents investment in 100% share capital of beneficially owned company registered in U.A.E. The subsidiary company's share capital is divided into 300 shares of AED 1,000 each.

In the opinion of management, there was no impairment in respect of any of the above investments, hence carrying value of the investments as at 31 March 2022 approximates their net book value.

2022	2021
US \$	US \$

## 8. Inventories

Finished goods (refer note below)

<u>1,687</u>	<u>1,687</u>
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Note:

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

## SHARDA INTERNATIONAL DMCC

Notes to the Financial Statements  
for the year ended 31 March 2022

	2022 US \$	2021 US \$
<b>9. Trade and other receivables</b>		
Trade receivables <sup>a</sup>	31,852,534	14,753,313
Provision for doubtful debts	-	<u>(26,725)</u>
	<u>31,852,534</u>	<u>14,726,588</u>
Deposits	2,426	5,682
Other receivables <sup>b</sup>	142	-
Advances paid to suppliers	540,145	10,382
	<u>32,395,247</u>	<u>14,742,652</u>

<sup>a</sup> Includes receivables of US\$ 2,793,265/- (previous year US\$ 2,959,565/-) covered under export collection documents.

<sup>b</sup> Includes US\$ 142 (previous year US\$ NIL) net favorable position of open contracts of derivative financial instruments (refer note 21).

	2022 US \$	2021 US \$
<b>10. Bank balances</b>		
Bank balances in:		
Current accounts	983,253	3,655,315
Fixed deposit accounts	629,528	278,818
	<u>1,612,781</u>	<u>3,934,133</u>

	2022 US \$	2021 US \$
<b>11. Share capital</b>		
Authorized, issued and paid up:		
2 shares of AED 100,000 <sup>a</sup> @ 3.674 per US \$	<u>54,440</u>	<u>54,440</u>

<sup>a</sup> Share certificate is issued in the name of Sharda Cropchem Limited, India.

	2022 US \$	2021 US \$
<b>12. Trade and other payables</b>		
Trade payables	7,099,816	2,999,255
Advances received from customers	440,625	150,325
Accruals and provisions	6,000,318	2,077,425
Other payable <sup>a</sup>	40,000	4,236
	<u>13,580,759</u>	<u>5,231,241</u>

<sup>a</sup> Represented net unfavorable position of open contracts of derivative financial instruments (refer note 21).

	2022 US \$	2021 US \$
<b>13. Sales</b>		
Agrochemicals (refer note 20)	1,137,500	223,733
Rubber products	76,491,241	44,137,968
Others	482,580	698,932
	<u>78,111,321</u>	<u>45,060,633</u>

## SHARDA INTERNATIONAL DMCC

Notes to the Financial Statements  
for the year ended 31 March 2022

	2022 <i>US\$</i>	2021 <i>US\$</i>
<b>14. Cost of sales</b>		
Opening inventories	1,687	49,232
Purchases (including direct expenses)	66,803,474	37,291,004
Closing inventories	<u>(1,687)</u>	<u>(1,687)</u>
	<b><u>66,803,474</u></b>	<b><u>37,338,549</u></b>
<b>15. Other income</b>		
Exchange gain	-	219,356
Sundry balances written back	20,534	737,779
Royalty income	<u>122,503</u>	<u>111,667</u>
	<b><u>143,037</u></b>	<b><u>1,068,802</u></b>
<b>16. Expenses</b>		
Manager's remuneration (refer note 20)	25,365	22,865
Salaries and benefits	158,466	168,625
Commission on sale	453,603	344,094
Consultancy fees (refer note 20)	189,484	141,879
Exchange loss	184,308	-
Bad debts written off	4,864	7,819
Other administrative expenses (refer note 20)	280,991	286,211
Depreciation (refer note 6)	<u>464</u>	<u>460</u>
	<b><u>1,297,545</u></b>	<b><u>971,953</u></b>
<b>17. Interest income</b>		
Interest income from banks	710	2,777
Interest income from a related party (refer note 20)	<u>162</u>	<u>-</u>
	<b><u>872</u></b>	<b><u>2,777</u></b>
<b>18. Finance costs</b>		
Bank charges	63,680	55,433
Interest paid to shareholder (refer note 20)	<u>5,632</u>	<u>-</u>
Bank charges	<u>69,312</u>	<u>55,433</u>
<b>19. Cash and cash equivalents</b>		
Bank balances in:		
Current accounts	<u>983,253</u>	<u>3,655,315</u>

## SHARDA INTERNATIONAL DMCC

Notes to the Financial Statements  
for the year ended 31 March 2022

## 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.

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

	2022 US\$	2022 US\$	2022 US\$	2022 US\$	2022 US\$	2022 US\$	2021 US\$
	Key managerial person	Subsidiary company	Companies under common management and control	Parent company	Total	Total	Total
Sales (refer note 13)	-	-	-	1,112,000	1,112,000	-	-
Interest income (refer note 16)	-	-	162	-	162	-	-
Manager's remuneration (refer note 16)	22,865	-	-	-	22,865	22,865	22,865
Consultancy fees (refer note 16)	-	163,007	26,005	-	189,012	189,012	140,717
Other administrative expenses (refer note 16)	-	15,974	84,854	-	100,828	100,828	8,305
Interest paid (refer note 18)	-	-	-	5,632	5,632	-	-
Interim dividend paid	-	-	-	3,000,000	3,000,000	3,000,000	6,000,000

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

The company provides funds to related parties as and when required to meet working capital requirements at fixed rate charge.

	2022 US\$	2022 US\$	2022 US\$	2022 US\$	2022 US\$	2021 US\$
	Subsidiary	Companies under common management and control	Parent company	Total	Total	Total
<b>Included in current assets:</b>						
Due from a related party: Sharda Impex Trading LLC, U.A.E.	42,996	-	-	42,996	42,996	5,699



## SHARDA INTERNATIONAL DMCC

### Notes to the Financial Statements for the year ended 31 March 2022

#### 21. Derivatives financial instruments

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

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

#### 22. Financial instruments: Credit, Market risk and liquidity risk exposures

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

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

##### a) Credit risk

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

##### *Trade and other receivables*

As on 31<sup>st</sup> March 2022, the company's maximum exposure to credit risk from trade receivables other than related parties situated outside U.A.E amounted to US\$ 6,639,608/- from one customer (*previous year US\$ 4,649,218/-due from two customers*).

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

##### *Bank balances*

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

##### b) Market risk

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

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

## SHARDA INTERNATIONAL DMCC

Notes to the Financial Statements  
for the year ended 31 March 2022*Interest rate risk*

Interest on fixed deposits is at fixed rate. Interest paid to shareholder is at fixed rate.

*Exchange rate risk*

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

	<b>2022</b>	<b>2021</b>
	<i>Equivalent US \$</i>	<i>Equivalent US \$</i>
<i>Investment in subsidiaries</i>		
Euro	8,829	8,829
HRK	3,568	3,568
<i>Trade receivables</i>		
Euro	2,241,626	907,675
AUD	858,430	367,444
GBP	3,089,181	1,652,306
<i>Bank balances</i>		
Euro	70	243,096
GBP	52,565	4,617
AUD	145	212,210
<i>Advances received from customers</i>		
Euro	19,272	80,455
GBP	13,593	-
<i>Trade payables</i>		
AUD	48,620	-
<i>Accruals and provisions</i>		
AUD	1,273	-
Euro	72,607	17,897
GBP	102,178	74,621

## SHARDA INTERNATIONAL DMCC

Notes to the Financial Statements  
for the year ended 31 March 2022

## e) Liquidity risk

The following are the contractual maturities of the company's financial liabilities as of 31 March 2022:

	<i>Carrying Amounts US.\$</i>	<i>Payable within next 12 months US.\$</i>	<i>Payable after 12 months US.\$</i>
<i>Non-derivative financial liabilities</i>			
<b>Trade and other payables:</b>			
Trade payables	7,099,816	7,099,816	-
Advance received from customers	440,625	440,625	-
Accruals and provisions	<u>6,000,316</u>	<u>6,000,316</u>	<u>-</u>

## 23. Financial instruments: Fair values

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

## 24. Contingent liability

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

## 25. Comparative figures

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