

SHARDA INTERNATIONAL DMCC

Financial Statements

31 March 2018

Registered office:

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

SHARDA INTERNATIONAL DMCC

Financial Statements

31 March 2018

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**SHARDA INTERNATIONAL DMCC
Directors' Report**

PAGE 1

The directors submit their report and accounts for the year ended 31 March 2018.

Results and dividend:

The profit for the year amounted to US \$ 6,022,806/-. The directors have approved payment of interim dividend amounting to US\$ 3,000,000/- for the year ended 31 March 2018.

Review of the business:

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

Events since the end of the year

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


Shareholder and its interest:

The shareholder at 31 March 2018 and its interest as of that date in the share capital of the company was as follows:

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

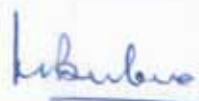
Auditors

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 Anand Desai
Director





Mr. Ramprakash Vilasrai Bubna
Director

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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 2018, 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 2018 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

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

Other Information

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

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

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

Independent Auditors' Report to the Shareholder of SHARDA INTERNATIONAL DMCC

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Independent Auditors' Report to the Shareholder of SHARDA INTERNATIONAL DMCC

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

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

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



28 April 2018

SHARDA INTERNATIONAL DMCC

Statement of Financial Position
At 31 March 2018


	<i>Notes</i>	2018 <u>US \$</u>	2017 <u>US \$</u>
ASSETS			
Non-current assets			
Fixed assets	6	4,887	2,104
Investment in subsidiaries	7	<u>720,472</u>	<u>720,472</u>
		<u>725,359</u>	<u>722,576</u>
Current assets			
Inventories	8	159,875	104,881
Trade and other receivables	9	16,805,022	13,432,536
Prepayments		33,681	18,200
Bank balances	10	<u>4,536,543</u>	<u>2,784,207</u>
		<u>21,535,121</u>	<u>16,339,824</u>
TOTAL ASSETS		<u>22,260,480</u>	<u>17,062,400</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	11	54,440	54,440
Accumulated profits		<u>15,879,811</u>	<u>12,857,005</u>
Total equity		<u>15,934,251</u>	<u>12,911,445</u>
Current liabilities			
Trade and other payables	12	<u>6,326,229</u>	<u>4,150,955</u>
TOTAL EQUITY AND LIABILITIES		<u>22,260,480</u>	<u>17,062,400</u>

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


The Independent Auditors' Report is set forth on pages 2 to 4.

Approved by the shareholder/board of directors on 28 April 2018 and signed on their behalf by:

For SHARDA INTERNATIONAL DMCC


Mrs. Raksha Anand Desai
Director




Mr. Ramprakash Vilasrai Bubna
Director

SHARDA INTERNATIONAL DMCC

Statement of Comprehensive Income
for the year ended 31 March 2018

	<i>Notes</i>	<i>2018</i> <i>US \$</i>	<i>2017</i> <i>US \$</i>
Sales	13,18	36,121,287	33,530,233
Cost of sales	14	<u>(29,397,997)</u>	<u>(26,511,227)</u>
Gross profit		6,723,290	7,019,006
Other income		494,774	191,674
Expenses	15	(1,067,684)	(1,267,146)
Unrealised (loss)/gain on forward contracts (net)	19	<u>(23,201)</u>	<u>3,555</u>
Profit from operations		6,127,179	5,947,089
Interest income	18	3,807	2,203
Finance costs	16	<u>(108,180)</u>	<u>(118,575)</u>
Profit for the year		6,022,806	5,830,717
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>6,022,806</u>	<u>5,830,717</u>

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

SHARDA INTERNATIONAL DMCC

Statement of Changes in Equity
for the year ended 31 March 2018

	<i>Share Capital US \$</i>	<i>Accumulated Profits US \$</i>	<i>Total US \$</i>
As at 31 March 2016	54,440	13,026,288	13,080,728
Profit for the year	-	5,830,717	5,830,717
Dividend paid	-	<u>(6,000,000)</u>	<u>(6,000,000)</u>
As at 31 March 2017	54,440	12,857,005	12,911,445
Profit for the year	-	6,022,806	6,022,806
Dividend paid	-	<u>(3,000,000)</u>	<u>(3,000,000)</u>
As at 31 March 2018	<u>54,440</u>	<u>15,879,811</u>	<u>15,934,251</u>

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

SHARDA INTERNATIONAL DMCC

Statement of Cash Flows
for the year ended 31 March 2018

	2018	2017
	<u>US \$</u>	<u>US \$</u>
<u>Cash flows from operating activities</u>		
Profit for the year	6,022,806	5,830,717
Adjustments for:		
Depreciation	1,035	694
Interest income	(3,807)	(2,203)
Finance costs	108,180	118,575
Operating profit before working capital changes	6,128,214	5,947,783
Changes in inventories	(54,994)	(30,735)
Changes in trade and other receivables	(3,372,487)	2,670,175
Changes in prepayments	(15,481)	8,933
Changes in due from a related party	-	139,730
Changes in trade and other payables	2,175,275	(165,246)
Net cash from operating activities	<u>4,860,527</u>	<u>8,570,640</u>
<u>Cash flows from investing activities</u>		
Purchase of fixed assets	(3,818)	-
Changes in fixed deposits	(83,807)	(2,203)
Changes in investment in subsidiaries	-	(640,000)
Interest income	3,807	2,203
Net cash (used in) investing activities	<u>(83,818)</u>	<u>(640,000)</u>
<u>Cash flows from financing activities</u>		
Finance costs paid	(108,180)	(118,575)
Dividend paid	(3,000,000)	(6,000,000)
Net cash (used in) financing activities	<u>(3,108,180)</u>	<u>(6,118,575)</u>
Net changes in cash and cash equivalents	1,668,529	1,812,065
Cash and cash equivalents at the beginning of the year	<u>2,605,051</u>	<u>792,986</u>
Cash and cash equivalents at the end of the year	17 <u>4,273,580</u>	<u>2,605,051</u>

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

SHARDA INTERNATIONAL DMCC

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

Notes to the Financial Statements

for the year ended 31 March 2018

1. Legal status and business activity

- a) **SHARDA INTERNATIONAL DMCC** is a limited liability company registered in the Dubai Multi Commodities Centre under trade license No. 32188 issued on 4 April 2012.
- b) The company is registered to carry out trading in basic industrial chemicals and rubber. During the year, the company has mainly traded in rubber items such as conveyer belts.
- c) These financial statements have been prepared as a stand-alone company, and reflect the operations of **SHARDA INTERNATIONAL DMCC** only and does not include the financial statements of its three subsidiaries i.e.1) **SIDDHIVINAYAK INTERNATIONAL LIMITED, U.A.E**, 2) **SHARDA BENELUX BVBA, BELGIUM** and 3) **EUROAZIJSKI PESTICIDI D.O.O., CROATIA**.

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

2. Basis of preparation

a) Statement of compliance

The financial statements are prepared in accordance with International Financial Reporting Standards issued or adopted by the International Accounting Standards Board (IASB) and which are effective for accounting periods beginning on or after 1 January 2017 and the applicable rules and regulations of the Dubai Multi Commodities Centre.

b) Basis of measurement

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

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 2018***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 judgment

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:

Impairment

At each reporting date, management conducts an assessment of fixed assets and all financial 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. In the case of loans and receivables, if an amount is deemed irrecoverable, it is written off to Statement of Comprehensive Income or, if previously a provision was made, it is written off against the provision.

Reversals of provisions against loans and receivables are made to the extent of the related amounts being recovered.

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.

SHARDA INTERNATIONAL DMCC**Notes to the Financial Statements**
*for the year ended 31 March 2018****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.

Doubtful debt provision

Management regularly undertakes a review of the amounts of loans and receivables owed to the company either from third parties or from related parties and assess the likelihood of non-recovery. Such assessment is based upon the age of the debts, historic recovery rates and assessed creditworthiness of the debtor. Based on the assessment assumptions are made as to the level of provisioning required.

Impairment

Assessments of net recoverable amounts of fixed assets and all financial assets other than loans and receivables (see above) are based on assumptions regarding future cash flows expected to be received from the related assets.

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 and which are applicable to the company are as follows:

- IAS 7 – Statement of Cash Flows-Disclosure Initiative Amendment
- IAS 12 – Recognition of Deferred Tax Assets for Unrealized losses
- Amendments to IFRS 12 as per annual improvements to IFRS standards 2014-16 cycle

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

Notes to the Financial Statements
for the year ended 31 March 2018

b) International Financial Reporting Standards issued but not effective

Amendments to IFRS 2- Classification and Measurement of Share- based Payment Transactions- The effective date of the standard is set for annual periods beginning on or after 1 January 2018.

IFRS 9 – Financial Instruments (July 2014 version) this replaces the earlier IFRS 9 and is the final version – The effective date of the standard is set for annual periods beginning on or after 1 January 2018 with choice for early adoption. From February 2015 entities newly applying IFRS 9 will need to apply the version published in July 2014.

IFRS 15 – Revenue from contracts with customers – The effective date of the standard is set for annual periods beginning on or after 1 January 2018.

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

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

Amendment to IAS 28 (long term interest in Associates and Joint Ventures The effective date of the standard is set for annual periods beginning on or after 1 January 2019.

Amendments to IAS 40 – Transfer of Investment Property- The effective date of the standard is set for annual periods beginning on or after 1 January 2018.

Amendments to IFRSs- Annual improvements to IFRS Standards 2014-16 Cycle

IFRIC22- Foreign Currency Transactions and Advance Consideration- The effective date of the standard is set for annual periods beginning on or after 1 January 2018.

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

5. Significant accounting policies:

a) Depreciation of fixed assets

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

Computers	6 years
Office equipment	10- 21 years

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

Depreciation on additions is calculated on a pro-rata basis from the month of additions and on deletion up to the month of deletion of the asset.

SHARDA INTERNATIONAL DMCC

Notes to the Financial Statements for the year ended 31 March 2018

b) Investment in subsidiaries

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

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

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

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

c) Financial instruments

Financial assets and financial liabilities are recognized when, and only when, the company becomes a party to the contractual provisions of the instrument. Financial assets are de-recognized when, and only when, the contractual rights to receive cash flows expire or when substantially all the risks and rewards of ownership have been transferred.

Financial liabilities are de-recognized when, and only when, they are extinguished, cancelled or expired.

Financial assets

Non-derivative financial assets

Initial Recognition and Measurement

Financial assets are recognized on the statement of financial position when, and only when, the company becomes a party to the contractual provisions of the financial instrument. The company determines the classification of its financial assets at initial recognition.

When financial assets are recognized initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent Measurement

The subsequent measurement of non - derivative financial assets depends on their classification as follows:

The company classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, available-for-sale financial assets and loans and receivables.

SHARDA INTERNATIONAL DMCC

Notes to the Financial Statements for the year ended 31 March 2018

Derivative financial instruments

A derivative financial instrument is one with all three of the following characteristics:

- It's value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying');
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors; and
- It is settled at a future date.

Recognition and Measurement

Derivative Financial Instruments

The company enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently re measured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in Statement of Comprehensive Income immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in Statement of Comprehensive Income depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognized as current financial assets and a derivate with a negative fair value is recognized as current financial liability.

Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to the initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less impairment. Gains and losses are recognized in Statement of Comprehensive Income when the loans and receivables are derecognized or impaired, and through the amortization process.

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.

SHARDA INTERNATIONAL DMCC**Notes to the Financial Statements**
*for the year ended 31 March 2018***d) Inventories**

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

Cost comprises invoice value plus attributable direct expenses.

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

e) Trade and other receivables

Trade receivables are carried at the original invoice amount to the customers.

An estimate is made for doubtful receivables based on a periodic review of all outstanding amounts.

Bad debts are written off when identified.

f) 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.

g) Impairment of financial assets

The company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Financial asset together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the company.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the financial assets carrying amount and the present value of estimated future cash flows.

For financial assets carried at amortized cost, the carrying amount is reduced through the use of an allowance account and the amount of the loss is recognized in the Statement of Comprehensive Income.

If a write-off is later recovered, the recovery is credited to finance costs in the Statement of Comprehensive Income.

SHARDA INTERNATIONAL DMCC**Notes to the Financial Statements***for the year ended 31 March 2018***h) 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.

i) Trade and other payables

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

j) Provisions

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.

k) Leases

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

SHARDA INTERNATIONAL DMCC**Notes to the Financial Statements**
*for the year ended 31 March 2018**The Company as lessee*

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

l) Revenue recognition**Sale of goods**

Sales represents net amount invoiced for goods delivered during the year. Sales are recognized when the significant risks and rewards of ownership of the goods have passed to the buyer.

The company recognizes revenue when the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the company; and specific criteria have been met for each of the companies' activities.

Interest income

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

Dividend income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established.

m) 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.

n) Dividend and interim dividend:

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

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Notes to the Financial Statements
for the year ended 31 March 2018

6. Fixed assets	Computers	Office Equipment	Total
	US \$	US \$	US \$
Cost			
As at 01.04.2017	3,796	1,645	5,441
Addition during the year	-	3,818	3,818
As at 31.03.2018	<u>3,796</u>	<u>5,463</u>	<u>9,259</u>
Depreciation			
As at 01.04.2017	2,962	375	3,337
Charge for the year	615	420	1,035
As at 31.03.2018	<u>3,577</u>	<u>795</u>	<u>4,372</u>
Net book value			
As at 31.03.2018	<u>219</u>	<u>4,668</u>	<u>4,887</u>
As at 31.03.2017	<u>834</u>	<u>1,270</u>	<u>2,104</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 2018 approximates their net book value.

7. Investment in subsidiaries	2018	2017
	US \$	US \$
(Stated at cost):		
Siddhivinayak International Limited ^a	708,075	708,075
Sharda Benelux BVBA ^b	8,829	8,829
Euroazijski Pesticidi D.O.O ^c	3,568	3,568
	<u>720,472</u>	<u>720,472</u>

^a Represents investment in 100% share capital of a company registered in U.A.E. The subsidiary company's share capital is divided into 2,536 shares of AED 1,000 each.

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

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

In the opinion of management, there was no impairment in respect of any of the above investments, hence carrying value of the investments as at 31 March 2018 approximates their net book value.

8. Inventories	2018	2017
	US \$	US \$
Finished goods (refer note below)	168,300	40,338
Goods in transit	-	64,543
Provision for slow moving inventories	(8,425)	-
	<u>159,875</u>	<u>104,881</u>

Note:

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

Notes to the Financial Statements
for the year ended 31 March 2018

	<u>2018</u> <u>US \$</u>	<u>2017</u> <u>US \$</u>
9. Trade and other receivables		
Trade receivables ^a	15,487,131	12,338,461
Provision for doubtful debts	<u>(33,030)</u>	<u>-</u>
	15,454,101	12,338,461
Deposit	4,757	4,212
Other receivables	576,511	305,690
Advances paid to suppliers	<u>769,655</u>	<u>784,173</u>
	<u>16,805,024</u>	<u>13,432,536</u>
^a Includes US\$ 808,379/-(previous year US\$ 933,582/-) due from related parties on trade account (refer note 18).		
10. Bank balances		
Bank balances in:		
Current accounts	4,273,580	2,605,051
Fixed deposit accounts	<u>262,963</u>	<u>179,156</u>
	<u>4,536,543</u>	<u>2,784,207</u>
11. Share capital		
Authorized, issued and paid up:		
2 shares of AED 100,000 ^a @ 3.674 per US \$	<u>54,440</u>	<u>54,440</u>
^a Share certificate is issued in the name of Sharda Cropchem Limited, India.		
12. Trade and other payables		
Trade payables	3,821,120	2,646,939
Advances received from customers	290,552	206,869
Accruals and provisions	1,488,165	1,297,147
Other payables ^a	<u>726,392</u>	<u>-</u>
	<u>6,326,229</u>	<u>4,150,955</u>
^a Includes US\$ 19,646/-net favorable position of open contracts of derivative financial instruments (refer note 19).		
13. Sales		
Sales	<u>* 36,121,287</u>	<u>33,530,233</u>
[*] This amount is net off US\$ NIL (previous year US\$ 323,283/-) for credit notes issued for rate difference related to sales of previous year (refer note 18).		
14. Cost of sales		
Opening inventories	104,881	74,146
Purchases (including direct expenses)	29,452,991	26,541,962
Closing inventories	<u>(159,875)</u>	<u>(104,881)</u>
	<u>29,397,997</u>	<u>26,511,227</u>

Notes to the Financial Statements
for the year ended 31 March 2018

	<i>2018</i> <u>US \$</u>	<i>2017</i> <u>US \$</u>
15. Expenses		
Salaries and benefits	325,591	51,540
Commission on sale	398,313	570,363
Exchange loss	-	71,938
Bad debts written off	-	83,717
Provision for doubtful debts	33,030	-
Other administrative expenses	309,715	488,894
Depreciation (refer note 6)	1,035	694
	<u>1,067,684</u>	<u>1,267,146</u>
16. Finance costs		
Bank charges	<u>108,180</u>	<u>118,575</u>
17. Cash and cash equivalents		
Bank balances in:		
Current accounts	<u>4,273,580</u>	<u>2,605,051</u>
18. Related party transactions		

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

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

	<i>2018</i> <u>US \$</u> <i>Companies under common management and control</i>	<i>2018</i> <u>US \$</u> <i>Parent company</i>	<i>2018</i> <u>US \$</u> <i>Total</i>	<i>2017</i> <u>US \$</u> <i>Total</i>
Sales	111,630	440,050	551,680	1,400,711
Credit notes issued for rate difference (refer note 13)	-	-	-	308,700
Interim dividend paid	-	3,000,000	3,000,000	6,000,000
Loan refunded from related parties	-	-	-	139,730

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Notes to the Financial Statements for the year ended 31 March 2018

Related party transactions (contd.)

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

	<u>2018</u> <u>US \$</u> <i>Companies under common management and control</i>	<u>2018</u> <u>US \$</u> <i>Parent company</i>	<u>2018</u> <u>US \$</u> <i>Total</i>	<u>2017</u> <u>US \$</u> <i>Total</i>
Included in current assets:				
<u>Trade receivables: (refer note 9)</u>				
Sharda Colombia S.A.	121,020	-	121,020	686,273
Sharda Cropchem Limited, India	-	687,359	687,359	247,309

19. Derivatives financial instruments

The company enters into forward financial 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 payables (refer note 12).

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

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

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

a) Credit risk

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

Trade and other receivables

As on 31st March 2018, the company's maximum exposure to credit risk from trade receivables other than related parties outside U.A.E amounted to US\$ 7,588,954/- from three customers (previous year US\$ 1,508,924/- due from one customer).

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

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Notes to the Financial Statements for the year ended 31 March 2018

Bank balances

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

b) **Market risk**

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

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

Interest rate risk

Interest on fixed deposits is at fixed rate.

Exchange rate risk

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

	<i>2018</i> <i>Equivalent</i> <i>US \$</i>	<i>2017</i> <i>Equivalent</i> <i>US \$</i>
<i>Investment in subsidiaries</i>		
Euro	8,829	8,829
HRK	3,568	3,568
<i>Trade receivables</i>		
Euro	2,633,220	1,623,157
AUD	9,059	17,946
GBP	3,853,621	1,714,329
COP	121,020	-
<i>Bank balances</i>		
Euro	636	3,697
GBP	923	28,357
AUD	127	2,910

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Notes to the Financial Statements
for the year ended 31 March 2018*Exchange rate risk (contd.):*

	<i>2018</i> <i>Equivalent</i> <i>US\$</i>	<i>2017</i> <i>Equivalent</i> <i>US\$</i>
<i>Advance paid to suppliers</i>		
Euro	-	42,115
<i>Advances received from customers</i>		
Euro	19,089	27,626
GBP	2,813	11,109
AUD	1,945	21,214
<i>Accruals and provisions</i>		
Euro	67,421	74,394
GBP	160,393	132,012

e) **Liquidity risk**

The following are the contractual maturities of the company's financial liabilities as of 31 March 2018:

<i>Non-derivative financial liabilities</i>	<i>Carrying</i> <i>Amounts</i> <i>US\$</i>	<i>Payable within</i> <i>next</i> <i>12 months</i> <i>US\$</i>	<i>Payable after</i> <i>12 months</i> <i>US\$</i>
Trade and other payables:			
Trade payables	3,821,120	3,821,120	-
Advance received from customers	290,552	290,552	-
Accruals and provisions	1,488,165	1,488,165	-
Other payables	<u>726,392</u>	<u>726,392</u>	<u>-</u>

21. Financial instruments: Fair values

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

22. Contingent liability

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

23. Comparative figures

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