

SHARDA INTERNATIONAL DMCC

Financial Statements

31 March 2015

Registered office:

Unit No. 2H-05-353, Floor No.5,
Bldg No.2, Plot No. 550-554,
J&G, Dubai Multi Commodities Centre
Dubai, U.A.E.

SHARDA INTERNATIONAL DMCC

Financial Statements

31 March 2015

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SHARDA INTERNATIONAL DMCC
Director's Report

The director submits her report and accounts for the year ended 31 March 2015.

Results and dividend:

The net profit for the year amounted to US \$ 6,090,017/-. To conserve the financial resources of the company, no dividend is proposed for the year.

Review of the business:

The company is registered to carry out trading in chemicals.

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 2015 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.

Raksha Desai

Mrs. Raksha Anand Desai
 Director

Independent Auditors' Report to the Shareholder of SHARDA INTERNATIONAL DMCC

Report on the Financial Statements

We have audited the accompanying financial statements of SHARDA INTERNATIONAL DMCC, which comprises the statement of financial position as of 31 March 2015, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and explanatory notes.

Management's Responsibility for the Financial Statements

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

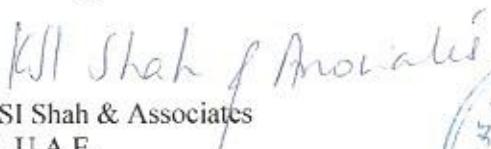
Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion the financial statements present fairly, in all material respects, the financial position of SHARDA INTERNATIONAL DMCC as of 31 March 2015 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.


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



25 May 2015

SHARDA INTERNATIONAL DMCC

Statement of Financial Position

At 31 March 2015

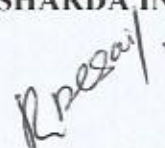
	<i>Notes</i>	<i>2015</i> <i>US \$</i>	<i>2014</i> <i>US \$</i>
ASSETS			
Non-current assets			
Fixed assets	6	3,491	4,184
Investment in subsidiaries	7	<u>80,472</u>	<u>80,472</u>
		<u>83,963</u>	<u>84,656</u>
Current assets			
Inventories	8	8,425	114,545
Trade and other receivables	9	17,855,654	16,702,205
Due from related parties	18	820,412	1,034,852
Prepayments		43,330	168,384
Bank balances	10	<u>263,969</u>	<u>350,963</u>
		<u>18,991,790</u>	<u>18,370,949</u>
TOTAL ASSETS		<u>19,075,753</u>	<u>18,455,605</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	11	54,440	54,440
Accumulated profits		<u>13,671,903</u>	<u>7,581,886</u>
Total equity		<u>13,726,343</u>	<u>7,636,326</u>
Current liabilities			
Trade and other payables	12	4,749,410	4,216,174
Loan from shareholder	13	600,000	-
Due to a related party	18	-	3,568
Bank borrowing	13	<u>-</u>	<u>6,599,537</u>
		<u>5,349,410</u>	<u>10,819,279</u>
TOTAL EQUITY AND LIABILITIES		<u>19,075,753</u>	<u>18,455,605</u>

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

The Independent Auditors' Report is set forth on page 2.

Approved by the shareholder on 25th May 2015 and signed on its behalf by:

For SHARDA INTERNATIONAL DMCC



 Mrs. Raksha Anand Desai
 Director

SHARDA INTERNATIONAL DMCC

Statement of Comprehensive Income
for the year ended 31 March 2015

	<i>Notes</i>	<i>2015</i> <u>US \$</u>	<i>2014</i> <u>US \$</u>
Revenue	18	39,822,836	36,323,906
Cost of sales	14	<u>(31,583,102)</u>	<u>(29,878,707)</u>
Gross profit		8,239,734	6,445,199
Other income		173,378	115,713
Expenses	15	(1,771,098)	(709,494)
Gain/(loss) on forward contracts (net)	19	<u>4,027</u>	<u>(8,822)</u>
Profit from operations		6,646,041	5,842,596
Interest income	18	52,844	19,562
Finance costs	16	<u>(608,868)</u>	<u>(915,479)</u>
Profit for the year		6,090,017	4,946,679
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>6,090,017</u>	<u>4,946,679</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 2015

	<i>Share Capital US \$</i>	<i>Accumulated profits US \$</i>	<i>Total US \$</i>
As at 31 March 2013	54,440	2,635,207	2,689,647
Profit for the year	-	<u>4,946,679</u>	<u>4,946,679</u>
As at 31 March 2014	54,440	7,581,886	7,636,326
Profit for the year	-	<u>6,090,017</u>	<u>6,090,017</u>
As at 31 March 2015	<u>54,440</u>	<u>13,671,903</u>	<u>13,726,343</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 2015

	<u>2015</u> <u>US \$</u>	<u>2014</u> <u>US \$</u>
<u>Cash flows from operating activities</u>		
Profit for the year	6,090,017	4,946,679
Adjustments for:		
Depreciation	693	694
Interest income	(52,844)	(19,562)
Finance costs	608,868	915,479
Operating profit before working capital changes	6,646,734	5,843,290
Changes in inventories	106,120	1,059,336
Changes in trade and other receivables	(1,153,450)	(3,577,001)
Changes in prepayments	125,053	(134,349)
Changes in related party balances	210,874	(225,945)
Changes in trade and other payables	533,236	(382,214)
Net cash from operating activities	<u>6,468,567</u>	<u>2,583,117</u>
<u>Cash flows from investing activities</u>		
Changes in investment in subsidiaries	-	(80,472)
Changes in fixed deposit	(100,645)	(75,046)
Interest income	52,844	19,562
Net cash (used in) investing activities	<u>(47,801)</u>	<u>(135,956)</u>
<u>Cash flows from financing activities</u>		
Finance costs paid	(608,868)	(915,479)
Loan from shareholder	600,000	-
(Repayment) of bank overdrafts	(6,599,537)	(1,780,389)
Net cash (used in) financing activities	<u>(6,608,405)</u>	<u>(2,695,868)</u>
Net changes in cash and cash equivalents	(187,639)	(248,707)
Cash and cash equivalents at the beginning of the year	<u>275,917</u>	<u>524,624</u>
Cash and cash equivalents at the end of the year	17 <u>88,278</u>	<u>275,917</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 2015***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.
- b) The company is registered to carry out trading in chemicals.
- 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 2014 and the applicable rules and regulations of the Dubai Multi Commodities Centre.

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

SHARDA INTERNATIONAL DMCC**Notes to the Financial Statements***for the year ended 31 March 2015***b) 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.

c) 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

SHARDA INTERNATIONAL DMCC**Notes to the Financial Statements**
*for the year ended 31 March 2015****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:

- Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)
- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)
- Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)

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.

SHARDA INTERNATIONAL DMCC

Notes to the Financial Statements for the year ended 31 March 2015

b) International Financial Reporting Standards issued in 2014 but not effective

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.

IFRS14 – Regulatory Deferral Accounts – The effective date of the standard is set for annual periods beginning on or after 1 January 2016.

IFRS 15 – Revenue from contracts with customers- The effective date of the standard is set for annual periods beginning on or after 1 January 2017.

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	6 years
Office equipment	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 date of additions and on deletion up to the date of deletion of the asset.

b) Investment in subsidiary

Subsidiary is 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.

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.

SHARDA INTERNATIONAL DMCC**Notes to the Financial Statements**
*for the year ended 31 March 2015***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 financials 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.

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.

SHARDA INTERNATIONAL DMCC**Notes to the Financial Statements**
*for the year ended 31 March 2015***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.

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

SHARDA INTERNATIONAL DMCC**Notes to the Financial Statements**
*for the year ended 31 March 2015***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.

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.

SHARDA INTERNATIONAL DMCC**Notes to the Financial Statements**
*for the year ended 31 March 2015***i) Loans and borrowings**

Term loans are initially recognized at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognized in the Statement of comprehensive income when the liabilities are derecognized as well as through the amortization process.

j) Trade and other payables

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

k) 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.

l) 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.

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.

SHARDA INTERNATIONAL DMCC

Notes to the Financial Statements
for the year ended 31 March 2015

m) 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.

n) Borrowing costs

Finance expense comprises finance cost on bank borrowing and interest paid to a shareholder is recognized in Statement of Comprehensive Income.

o) 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.

p) Dividend:

Dividend is paid out of accumulated profits, when declared.

6. Fixed assets	<i>Computers</i>	<i>Office equipment</i>	<i>Total</i>
	<u>US \$</u>	<u>US \$</u>	<u>US \$</u>
Cost			
As at 01.04.2014	<u>3,796</u>	<u>1,645</u>	<u>5,441</u>
As at 31.03.2015	<u>3,796</u>	<u>1,645</u>	<u>5,441</u>
Depreciation			
As at 01.04.2014	579	678	1,257
Charge for the year	<u>615</u>	<u>78</u>	<u>693</u>
As at 31.03.2015	<u>1,194</u>	<u>756</u>	<u>1,950</u>
Net book value			
As at 31.03.2015	<u>2,602</u>	<u>889</u>	<u>3,491</u>
As at 31.03.2014	<u>3,217</u>	<u>967</u>	<u>4,184</u>

In the opinion of management, there was no impairment in respect of any of the above fixed assets. Hence

SHARDA INTERNATIONAL DMCC

Notes to the Financial Statements
for the year ended 31 March 2015

	<u>2015</u> <u>US \$</u>	<u>2014</u> <u>US \$</u>
7. Investment in subsidiaries		
(Stated at cost):		
Siddhivinayak International Limited ^a	68,075	68,075
Sharda Benclux BVBA ^b	8,829	8,829
Euroazijski Pesticidi D.O.O ^c	3,568	3,568
	<u>80,472</u>	<u>80,472</u>
^a Represents investment in 100% share capital of a company registered in U.A.E. The company's share capital is divided into 250 shares of AED 1,000 each.		
^b Represents investment in 100% share capital of a company registered in Belgium. The 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 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 2015 approximates their net book value.		
	<u>2015</u> <u>US \$</u>	<u>2014</u> <u>US \$</u>
8. Inventories		
Inventories at the end of year (refer note below)	<u>8,425</u>	<u>114,545</u>
<i>Note:</i>		
This represents inventories lying outside U.A.E. with third parties.		
9. Trade and other receivables		
Trade receivables ^a	17,343,510	16,218,897
Other receivable ^b	4,027	4,901
Advances paid to suppliers	508,117	478,407
	<u>17,855,654</u>	<u>16,702,205</u>
^a Includes US\$ 4,464,782/- (previous year US\$ 3,142,925/-) due from related parties on trade account (refer note 18).		
^b Represents net favorable position of open contracts of derivative financial instruments (refer note 19).		
10. Bank balances		
Bank balances in:		
Current accounts	88,278	275,917
Fixed deposit accounts	175,691	75,046
	<u>263,969</u>	<u>350,963</u>
11. Share capital		
Authorized, issued and paid up:		

SHARDA INTERNATIONAL DMCC

Notes to the Financial Statements
for the year ended 31 March 2015

	2015 <u>US \$</u>	2014 <u>US \$</u>
12. Trade and other payables		
Trade payables	3,308,069	2,860,342
Advances received from customers	244,704	542,260
Accruals and provisions	1,196,637	804,750
Other payables	-	8,822
	<u>4,749,410</u>	<u>4,216,174</u>
13. Loan from the shareholder		
Short term loan from shareholder ^a	<u>600,000</u>	<u>-</u>
<i>^a This amount represents short term, unsecured loan from Sharda Cropchem Limited, the sole shareholder of the company. Interest @ 8.16% per annum is paid to the shareholder for this loan (refer note 18).</i>		
13. Bank borrowing		
Bank overdraft ^a	<u>-</u>	<u>6,599,537</u>
<i>^a The above overdraft was fully repaid during the year. Irrevocable Standby Letters of Credit of US\$ 8 Million issued by a bank from India, and back to back corporate guarantee from the shareholder, M/s. Sharda Cropchem Limited, India was withdrawn during the year.</i>		
14. Cost of sales		
Opening inventories	114,545	1,173,881
Purchases (including direct expenses)	31,476,982	28,819,371
Closing inventories	<u>(8,425)</u>	<u>(114,545)</u>
	<u>31,583,102</u>	<u>29,878,707</u>
15. Expenses		
Salaries and benefits	89,963	134,844
Commission on sale	827,866	412,164
Exchange loss	584,574	-
Other administrative expenses	268,002	161,792
Depreciation (refer note 6)	693	694
	<u>1,771,098</u>	<u>709,494</u>
16. Finance costs		
Bank charges	307,776	312,113
Interest paid to banks	45,127	128,990
Interest paid to a shareholder ^a (refer note 18)	<u>255,965</u>	<u>474,376</u>
	<u>608,868</u>	<u>915,479</u>

^a Represents interest amounting to US \$ 42,924 (previous year US \$ 102,650) paid @ 8.16% (previous year @ 5.75% per annum) against short term loan provided by the shareholder to the company during the year and US \$ 213,041 (previous period US \$ 371,726) paid @ 4.00% per annum on corporate guarantee given

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Notes to the Financial Statements
for the year ended 31 March 2015

	<u>2015</u> <u>US \$</u>	<u>2014</u> <u>US \$</u>
17. Cash and cash equivalents		
Bank balances in:		
Current accounts	<u>88,278</u>	<u>275,917</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:

	<u>2015</u> <u>US \$</u> <i>Companies under common management and control</i>	<u>2015</u> <u>US \$</u> <i>Shareholder</i>	<u>2015</u> <u>US \$</u> <i>Total</i>	<u>2014</u> <u>US \$</u> <i>Total</i>
Sales	3,052,610	22,090	3,074,700	2,422,906
Loan received from the shareholder	-	1,500,000	1,500,000	4,525,000
Loan repaid to the shareholder	-	900,000	900,000	4,525,000
Interest income	52,199	-	52,199	19,516
Interest paid to a shareholder (refer note 16)	-	255,965	255,965	474,376

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

Included in current assets:Trade receivables: (refer note 9)

Sharda Colombia S.A.	1,880,160	-	1,880,160	1,163,146
Sharda DE Mexico	2,584,622	-	2,584,622	1,906,704
Sharda Cropchem Limited, India		-		73,075

Due from related parties:

Sharda Colombia S.A.	36,552	-	36,552	169,301
Sharda DE Mexico	620,385	-	620,385	865,551
Sharda Poland	23,745	-	23,745	-
Shidhivinayak international Ltd	139,730	-	139,730	-

Included in current liabilities:

Loan from shareholder	-	600,000	600,000	-
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Due to related parties:

SHARDA INTERNATIONAL DMCC**Notes to the Financial Statements**
*for the year ended 31 March 2015***19. 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 fair values of significant financial instruments, being hedge contracts on currencies, outstanding as of the reporting date are stated as other receivables (*refer note 9*).

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, due from related parties and bank balances.

Trade and other receivables

As on 31st March 2015, the company's maximum exposure to credit risk from trade receivables other than related parties outside U.A.E amounted to US\$ NIL/- (*previous year US\$ 3,014,695/- due from two customers*).

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

Bank balances

The company's bank balances in current account 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.

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Notes to the Financial Statements

for the year ended 31 March 2015

Interest rate risk

Bank borrowings are at floating rates, at levels which are generally obtained in the U.A.E. Interest paid on short term loan from shareholder is at 8.16% per annum and on corporate guarantee issued by the shareholder is at 4.00% per annum. Interest on related party balance is charged at 8% per annum.

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>2015</i> <i>Equivalent</i> <i>US \$</i>	<i>2014</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	1,684,462	1,761,960
AUD	239,511	213,093
GBP	1,433,900	529,013
<i>Bank balances</i>		
Euro	6,364	250,145
GBP	840	-
AUD	431	25,946
<i>Trade payables</i>		
Euro	-	4,693
<i>Advances received from customers</i>		
Euro	73,400	308,753
GBP	2,104	23,848
<i>Accruals and provisions</i>		
Euro	106,502	153,089
AUD	3,449	3,525
GBP	111,600	37,542

c) Liquidity risk

The following are the contractual maturities of the company's financial liabilities as of 31 March 2015:

	<i>Carrying</i> <i>Amounts</i> <i>US \$</i>	<i>Payable within</i> <i>next 12</i> <i>months</i> <i>US \$</i>	<i>Payable after</i> <i>12 months</i> <i>US \$</i>
<i>Non-derivative financial liabilities</i>			
Loan from shareholder	600,000	600,000	-
Trade and other payables:			
Trade payables	3,308,069	3,308,069	-

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Notes to the Financial Statements
for the year ended 31 March 2015

21. Financial instruments: Fair values

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

	<i>2015</i>	<i>2014</i>
	<i>US \$</i>	<i>US \$</i>
22. Contingent liability		
Banker's letter of credit	—	<u>30,596</u>

23. Comparative figures

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