

## **INDEPENDENT AUDITOR'S REPORT**

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

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

We have audited the accompanying Ind AS financial statements of **SHARDA USA LLC**, which comprise the Balance Sheet as at December 31, 2019, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

### **Auditor's Responsibility**

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

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

## **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31.12.2019, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

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

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.;
  - (c) The Balance Sheet, Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

- (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended.
- (e) On the basis of written representation received from the directors as on 31<sup>st</sup> December 2019 and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> December 2019, from being appointed as a director in terms of section 164(2) of the Act
- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our Opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

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**KUNAL.V.BESWAL  
PARTNER  
M.NO.131054  
PLACE: MUMBAI**

### **Annexure I to the Auditor's Report even date CARO 2016:**

1. In respect of Fixed Assets, the company does not own any Fixed Assets. Hence, this clause is not called for.
2. In respect of Inventories:

As explained to us, there is no inventory and hence the reporting for this point is not called for.
3. In respect of loans, secured or unsecured granted by the Company to the companies, firms or other parties covered in the register maintained under Section 189 of the companies Act, 2013:
  - a) During the year Company has not granted any loans to parties covered in the register maintained under Section 189 of the Companies Act, 2013.
  - b) In view of our comments above, clause 3 (iii) (a), (b) of the said order is not applicable to the company.
4. The company has not granted any loans or made any investments or given guarantees or securities during the year. Hence, reporting under this clause is not called for.
5. During the year the company has not accepted any deposits from public or by any means hence the said clause 3 (v) of the said order is not applicable to the Company.
6. As per the information and explanations provided to us, we are the opinion that the maintenance of cost records u/s. 148(1) (d) of the Companies Act, 2013 has not been prescribed by the Central Government for any of the services rendered by the company.
7. In respect of Statutory Dues:
  - (a) According to record of the Company produced before us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, service tax, customs duty, excise duty, cess and other statutory dues applicable to it. According to the information and explanation given to us, there were no outstanding statutory dues as on 31<sup>st</sup> December, 2019 for a period of more than six months from the date they became payable.
  - (b) According to the records of the company there are no dues of Income-Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty/Cess which have not been deposited on account of any dispute.

8. As per the information and explanations given to us, there has been no dues outstanding to financial institutions and banks, hence no delay in the repayment of dues to the banks or financial institutions by the Company. The Company has not issued any debentures.
9. During the year the Company has not raised any fund by way of initial public offer or further public offer (including debt instruments). The funds raised by way of term loans have been applied for the purpose for which they were raised.
10. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.
11. Company is not a public limited company and provisions of section 197 are not applicable to the company; hence question of reporting on managerial remuneration paid under this clause does not arise.
12. In our opinion and to the best of our information and according to the explanations provided by the management, we are of the opinion that the company is not a Nidhi company. Hence, in our opinion the clause does not apply to the company.
13. The Company has no related parties transactions during the year, hence no compliance with sections 177 and 188 of Companies Act, 2013 is required.
14. During the year under consideration, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures; hence comments under this clause are not called for.
15. According to the provisions of section 192 of Companies Act, 2013 the company has not entered into any non-cash transactions with directors or persons connected with him during the year hence no comments under this clause are called for.
16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934, hence this clause is not applicable and no comments under this clause are called for.

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

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BESWAL



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**CA K.V.BESWAL  
PARTNER  
M.NO.131054  
PLACE: MUMBAI**

**SHARDA USA LLC**

**BALANCE SHEET AS AT DECEMBER 31, 2019**

(Amount in INR)

| Particulars                         | Note No | As at 31-Dec-19 | As at 31-Dec-18 |
|-------------------------------------|---------|-----------------|-----------------|
| <b>ASSETS</b>                       |         |                 |                 |
| <b><u>Current assets</u></b>        |         |                 |                 |
| <b>Financial Assets</b>             |         |                 |                 |
| Cash & cash equivalents             | 3       | 1,85,220        | 1,79,786        |
| <b>Total current assets</b>         |         | <b>1,85,220</b> | <b>1,79,786</b> |
| <b>Total assets</b>                 |         | <b>1,85,220</b> | <b>1,79,786</b> |
| <b>EQUITY AND LIABILITIES</b>       |         |                 |                 |
| <b><u>Equity</u></b>                |         |                 |                 |
| Equity share capital                | 4       | -               | -               |
| Other Equity                        | 5       | (8,512)         | (8,220)         |
| <b>Total equity</b>                 |         | <b>(8,512)</b>  | <b>(8,220)</b>  |
| <b><u>Current liabilities</u></b>   |         |                 |                 |
| Trade Payables                      | 6       | 1,93,732        | 1,88,006        |
| <b>Total current liabilities</b>    |         | <b>1,93,732</b> | <b>1,88,006</b> |
| <b>Total equity and liabilities</b> |         | <b>1,85,220</b> | <b>1,79,786</b> |

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

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

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

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VILASRAI BUBNA

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CA **K.V.BESWAL**  
[PARTNER]  
Membership Number - 131054  
PLACE : MUMBAI  
Date:

**R. V. BUBNA**  
DIRECTOR

**SHARDA USA LLC**

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED DECEMBER 31, 2019**

(Amount in INR)

| Particulars   | Note No | Year ended 31-Dec-19 | Year ended 31-Dec-18 |
|---|---------|----------------------|----------------------|
| <b>Income</b>   |         |                      |                      |
| Other Income  | 7       | 39                   | 12                   |
| <b>Total income</b>   |         | <b>39</b>            | <b>12</b>            |
| <b>Expenses</b>   |         |                      |                      |
| Other Expenses  | 8       | 141                  | -                    |
| <b>Total expenses</b>   |         | <b>141</b>           | <b>-</b>             |
| <b>Profit(loss) before tax</b>  |         | <b>(102)</b>         | <b>12</b>            |
| <b>Tax expenses</b>   |         |                      |                      |
| Current tax   |         | -                    | -                    |
| <b>Total Tax expense</b>  |         | <b>-</b>             | <b>-</b>             |
| <b>Profit(loss) for the year</b>  |         | <b>(102)</b>         | <b>12</b>            |
| <b>Other Comprehensive income</b>   |         |                      | <b>-</b>             |
| <b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</b> |         |                      |                      |
| Exchange differences on translation of foreign operations   |         | (190)                | (695)                |
| Income tax effect   |         |                      |                      |
| <b>Other comprehensive income for the year, net of tax</b>  |         | <b>(190)</b>         | <b>(695)</b>         |
| <b>Total comprehensive income for the year</b>  |         | <b>(292)</b>         | <b>(683)</b>         |

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

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

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**CA K.V.BESWAL**  
**[PARTNER]**  
**Membership Number - 131054**  
**PLACE : MUMBAI**  
**Date:**

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

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

**SHARDA USA LLC**

**STATEMENT OF CHANGES IN EQUITY**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

**(Amount in INR)**

| Particulars                       | Equity Share Capital | Reserves & Surplus | Items of other comprehensive income  | Total equity   |
|-----------------------------------|----------------------|--------------------|--------------------------------------|----------------|
|                                   |                      | Retained earnings  | Foreign Currency translation reserve |                |
| <b>As on 01 January 2018</b>      | -                    | (6,417)            | (1,120)                              | (7,537)        |
| Net Profit for the period         |                      | 12                 | -                                    | 12             |
| Other comprehensive income        |                      | -                  | (695)                                | (695)          |
| <b>Total Comprehensive Income</b> |                      | <b>12</b>          | <b>(695)</b>                         | <b>(683)</b>   |
| <b>As on 31 December 2018</b>     | -                    | <b>(6,405)</b>     | <b>(1,815)</b>                       | <b>(8,220)</b> |

**FOR THE YEAR ENDED 31 DECEMBER 2019**

**(Amount in INR)**

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

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

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

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**CA K.V.BESWAL**  
**[PARTNER]**  
**Membership Number - 131054**  
**PLACE : MUMBAI**  
**Date:**

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

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**VILASRAI**  
**BUBNA**

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



**SHARDA USA LLC**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2019**

(Amount in INR)

| Particulars  | Year ended<br>31-Dec -19 | Year ended<br>31-Dec-18 |
|--|--------------------------|-------------------------|
| <b>Cash flow from operating activities</b>   |                          |                         |
| Profit before tax  | -102                     | 12                      |
| <b>Adjustments to reconcile profit before tax to cash generated by operating activities:</b> |                          |                         |
| Interest income  | (39)                     | (12)                    |
| <b>Operating profit / (loss) before working capital changes</b>                              | <b>(141)</b>             | <b>-</b>                |
| Movements in working capital :   |                          |                         |
| Increase/ (decrease) in trade payables   | 5,726                    | 15,893                  |
| <b>Cash generated from /(used in) operations</b>   | <b>5,585</b>             | <b>15,893</b>           |
| Income taxes paid (net of refunds)   |                          |                         |
| <b>Net cash flow from/ (used in) operating activities (A)</b>                                | <b>5,585</b>             | <b>15,893</b>           |
| <b>Cash flows from investing activities</b>  |                          |                         |
| Interest received  | 39                       | 12                      |
| <b>Net cash flow from/ (used in) investing activities (B)</b>                                | <b>39</b>                | <b>12</b>               |
| <b>Cash flows from financing activities</b>  |                          |                         |
| <b>Net cash flow from/ (used in) in financing activities (C)</b>                             | <b>-</b>                 | <b>-</b>                |
| <b>Exchange difference on translation of assets and liabilities (D)</b>                      | <b>(190)</b>             | <b>(695)</b>            |
| <b>Net increase/(decrease) in cash and cash equivalents (A + B + C+D)</b>                    | <b>5,434</b>             | <b>15,210</b>           |
| Cash and cash equivalents at the beginning of the year                                       | 1,79,786                 | 1,64,576                |
| <b>Cash and cash equivalents at the end of the year</b>                                      | <b>1,85,220</b>          | <b>1,79,786</b>         |
| <b>Components of cash and cash equivalents</b>   |                          |                         |
| With banks- on current account   | 1,85,220                 | 1,79,786                |
| <b>Total cash and cash equivalents (Note 3)</b>  | <b>1,85,220</b>          | <b>1,79,786</b>         |

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

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

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

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

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

**SHARDA USA LLC**

**Notes to financial statements for the year ended December 31, 2019**

**1 Corporate information**

Sharda USA LLC ('Company') was incorporated on 19.05.2006 in Hockessin, USA. The holding company is Sharda Worldwide Exports Pvt. Ltd. (SWEPL) from the date of incorporation.

**2 SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS:**

**2.1 Statement of Compliance**

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

**Basis of preparation and Presentation of Financial Statement**

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

- Derivative financial instruments measured at fair value
- Certain financial assets and liabilities measured at fair value.
- Employees Defined Benefit Plan as per actuarial valuation

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 under current market conditions, regardless of whether that price is directly observable or estimated using another valuation technique. In determining 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.

**2.2 Summary of significant accounting policies**

**(a) Current and non-current classification**

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

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

- It is expected to be realised in or is intended for sale or consumption in the company's normal operating cycle;
- It is held primarily for the purpose of being trading;
- It is expected to be realised within 12 months after the Balance sheet date; or
- It is cash or a cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the Balance sheet date.

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

All other assets are classified as non-current.

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

- It is expected to be settled in, the company's normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within 12 months after the Balance sheet date; or
- The company does not have an unconditional right to defer the settlement of the liability for at least 12 months after the Balance sheet date

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

All other liabilities are classified as non-current.

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

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle for the purpose of current / non - current classification of assets and liabilities.

**(b) Foreign currency translation**

These financial statements are presented in Indian Rupee (INR), which is also the holdnig companies functional currency.

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

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

**(c) Fair value measurement**

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

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

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

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

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

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

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

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

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Disclosures for valuation methods, significant estimates and assumptions.
- Financial instruments (including those carried at amortised cost).

**(d) Revenue Recognition**

**Sale of goods**

Revenue from sale of goods is recognized on the basis of approved contracts regarding the transfer of goods or services to a customer for an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenue is measured at the fair value of the consideration which an entity expects to be entitled in exchange for transferring the promised goods to the customer, net of returns and allowances, trade discounts, volume rebates and cash discounts. Any amounts receivable from the customer are recognised as revenue after the control over the goods sold are transferred to the customer which is generally on dispatch of goods. The Company operates a loyalty programme where customers accumulate points for purchases made. Revenue related to the award points is deferred and recognised when the points are redeemed. The amount of revenue is based on the number of points redeemed relative to the total number expected to be redeemed. It is reassessed at the end of each reporting period.

**Interest income**

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

**Dividends**

Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

**Other Income**

Other Income represents income earned from the activities incidental to the business and is recognised when the right to receive the income is established as per the terms of the contract.

**(e) Taxation**

Income tax expense comprise current tax and deferred tax charge or credit.

**Current tax**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**(f) Use of estimates**

The preparation of financial statements in conformity with Indian Accounting Standards requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

**Impact of COVID-19 :**

(1) Events occurring after end of the year

The outbreak of Novel Coronavirus (COVID 19) continues to progress and evolve. Therefore, it is challenging now, to predict the full extent of its duration and its economic impact on the business of the company. The extent and duration of such impacts remain uncertain and dependent on future developments that cannot be accurately predicted at this time. Given the ongoing economic uncertainty, a reliable estimate of the impact cannot be made at the date of authorization of these financial statements. However, these developments could impact our future financial results, cash flows and financial condition.

(2) Use of estimates and judgement

As a result of the COVID-19 and the resulting disruptions to the social and economic activities, the Company continues to assess regularly the impact of COVID-19 on its business, in particular the reduction of sales and the estimation of expected credit loss/fair value and collectability of trade receivables. The management considered several foreseeable areas of operational risk and implemented various measures to ensure the continuity of the operations and the ability of the organization to cope with the lock-down situation.

**(g) Property, Plant and Equipment and Depreciation**

Property, Plant and Equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises purchase price and any attributable cost of bringing the asset to its working condition for its intended use. All items of property, plant and equipment are stated at historical cost, less accumulated depreciation/amortisation and impairments, if any. Historical cost includes taxes, duties, freight and other incidental expenses related to acquisition and installation. Indirect expenses during construction period, which are required to bring the asset in the condition for its intended use by the management and are directly attributable to bringing the asset to its position, are also capitalized. Depreciation is provided after impairment, if any, using the straight-line method as per the useful lives of the assets estimated by the management, or at rates prescribed under Schedule II of the Companies Act 2013.

**(h) Intangible assets and amortisation**

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

The useful lives of intangible assets are assessed as finite.

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

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

**Computer Software**

Expenses on implementation of Computer Software are amortised on a straight-line basis over a period of four years.

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

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

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

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

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

Product Registration and Licence charges are amortised on a straight-line basis over a period of five years.

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

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

**(i) Lease**

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement

**Company as a lessee**

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right of use assets is measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The Company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of profit and loss.

The Company has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

#### Transition to Ind AS 116

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The Company has adopted Ind AS 116, effective annual reporting period beginning April 1, 2019 and applied the standard to its leases, prospectively, with the cumulative effect is recognised on the date of initial application (April 1, 2019). Accordingly, the Company has not restated comparative information, instead, the cumulative effect of initially applying this standard has been recognised as an adjustment to the assets and liabilities as on April 1, 2019.

#### (j) Inventories

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

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

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

#### (k) Provisions

A provision is recognized when the Company has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit and loss.

Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Provision in respect of loss contingencies relating to claims litigation, assessment, fines, penalties etc. are recognized amount can be estimated reliably.

#### (l) Contingent Liabilities and Contingent Assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements

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

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

#### (m) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

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

#### (n) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

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

## SHARDA USA LLC

Notes to financial statements for the year ended December 31, 2019**3 Cash and Cash Equivalents**

| Particulars         | As at           | As at           |
|---------------------|-----------------|-----------------|
|                     | 31-Dec-2019     | 31-Dec-2018     |
|                     | INR             | INR             |
| Balances with Banks | 1,85,220        | 1,79,786        |
| <b>Total</b>        | <b>1,85,220</b> | <b>1,79,786</b> |

**4 Share Capital**

| Particulars   | As at       | As at       |
|---|-------------|-------------|
|   | 31-Dec-2019 | 31-Dec-2018 |
|   | INR         | INR         |
| <b>Authorised share capital:</b><br>100 ( Previous year : 100) Shares of USD 1 each | 4,495       | 4,495       |
| <b>Issued and Subscribed share capital</b>  | -           | -           |
| <b>Total Issued &amp; Subscribed share capital</b>                                  | -           | -           |

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

| Particulars                                 | Equity Shares |     | Equity Shares |     |
|---|---------------|-----|---------------|-----|
|   | As at         |     | As at         |     |
|   | 31-Dec-2019   |     | 31-Dec-2018   |     |
|   | INR           | INR | Number        | INR |
| At the beginning of the period              | -             | -   | -             | -   |
| Issued during the period                    | -             | -   | -             | -   |
| <b>Outstanding at the end of the period</b> | -             | -   | -             | -   |

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

| Name of Shareholder     | As at         |              | As at       |              |
|-------------------------|---------------|--------------|-------------|--------------|
|                         | 31-Dec-2019   |              | 31-Dec-2018 |              |
|                         | No. of Shares | % of Holding | No. of      | % of Holding |
| Sharda Cropchem Limited | 100           | 100.00%      | 100         | 100.00%      |

**5 Reserves and Surplus**

| Particulars                                 | As at          | As at          |
|---|----------------|----------------|
|   | 31-Dec-2019    | 31-Dec-2018    |
|   | INR            | INR            |
| <b>Deficit</b>                              |                |                |
| Balance as per the last financial statement | (6,405)        | (6,417)        |
| Add : Profit/(Loss) for the period          | (102)          | 12             |
| Closing Balance                             | <b>(6,507)</b> | <b>(6,405)</b> |
| <b>Foreign Currency Translation Reserve</b> |                |                |
| Balance as per the last financial statement | (1,815)        | (1,120)        |
| Add : Changes for the period                | (190)          | (695)          |
| Closing Balance                             | <b>(2,005)</b> | <b>(1,815)</b> |
| <b>Total</b>                                | <b>(8,512)</b> | <b>(8,220)</b> |

## SHARDA USA LLC

Notes to financial statements for the year ended December 31, 2019

## 6 Trade Payables

| Particulars    | As at<br>31-Dec-2019 | As at<br>31-Dec-2018 |
|----------------|----------------------|----------------------|
|                | INR                  | INR                  |
| Other payables | 1,93,732             | 1,88,006             |
| <b>Total</b>   | <b>1,93,732</b>      | <b>1,88,006</b>      |

## 7 Other income

| Particulars   | Year ended<br>31-Dec-2019 | Year ended<br>31-Dec-2018 |
|---------------|---------------------------|---------------------------|
|               | INR                       | INR                       |
| Bank Interest | 39                        | 12                        |
| <b>Total</b>  | <b>39</b>                 | <b>12</b>                 |

## 8 Other expense

| Particulars  | Year ended<br>31-Dec-2019 | Year ended<br>31-Dec-2018 |
|--------------|---------------------------|---------------------------|
|              | INR                       | INR                       |
| Bank Charges | 141                       | -                         |
| <b>Total</b> | <b>141</b>                | <b>-</b>                  |

## 9 Fair Value Measurements

|                                    | As at<br>31-Dec-2019 |        |                   | As at<br>31-Dec-2018 |        |                   |
|------------------------------------|----------------------|--------|-------------------|----------------------|--------|-------------------|
|                                    | FVTPL                | FVTOCI | Amortised<br>Cost | FVTPL                | FVTOCI | Amortised<br>Cost |
| <i>Financial Assets</i>            |                      |        |                   |                      |        |                   |
| <b>Total Financial Assets</b>      | -                    | -      | -                 | -                    | -      | -                 |
| <i>Financial Liabilities</i>       |                      |        |                   |                      |        |                   |
| <b>Total Financial liabilities</b> | -                    | -      | -                 | -                    | -      | -                 |

## 10 Contingent liabilities and Commitments

| Particulars            | As at<br>31-Dec-2019 | As at<br>31-Dec-2018 |
|------------------------|----------------------|----------------------|
|                        | INR                  | INR                  |
| Contingent liabilities | NIL                  | NIL                  |
| Commitments            | NIL                  | NIL                  |

## 11 Related Parties

The company has not entered into any related party transactions during the year.



**SHARDA USA LLC**

**Notes to financial statements for the year ended December 31, 2019**

**12 Segment reporting**

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

**13 Previous year figures**

Previous year figures have been regrouped/ reclassified wherever necessary to conform to current year's classification.

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

KUNAL  
VINOD  
BESWAL  
Date: 2020.05.14  
20:34:48 +05'30'

**CA K.V.BESWAL  
[PARTNER]  
Membership Number - 131054  
PLACE : MUMBAI  
Date:**

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

RAMPRAKASH  
VILASRAI  
BUBNA  
Date: 2020.05.14 14:46:23 +05'30'

**R. V. BUBNA  
DIRECTOR**