

SARDA GLOBAL TRADING DMCC

DIRECTOR'S REPORT PERIOD ENDED 31 MARCH 2020

The Director submits the annual report and accounts for the period ended 31 March 2020. The Director approves the financial statements and confirms that he is responsible for these, including selecting the accounting policies and making the judgments underlying them. The Director confirms that he has made available all relevant accounting records and information for his compilation.

Management of the company

The management of the company is entrusted with Mr. Dinesh Kumar Lahoti in accordance with the license of the company, which continues to be in operation.

Financial results

	01 Jan 2019 to 31 Mar 2020 AED	06 Mar 2018 to 31 Dec 2018 AED
Revenue	---	---
Other income	318,170	---
Fair value loss on investments	(4,162,656)	---
Loss for the period	(4,575,616)	(424,537)

As at 31 March 2020, the company has accumulated losses of AED 5,000,153 and net deficit in equity is AED 4,000,153. However, the financial statements have been prepared on a going concern basis as the shareholder has decided to continue with the operations of the company and it is taking appropriate measures to ensure profitable operations of the company. Also, the shareholder has decided to provide its continuing financial supports to the company to enable it discharge its liabilities as and when they fall due.

Review of the business

The company's primary activity is Coal & Firewood Trading and Metal Ores Trading.

Events since the end of the period

There are no significant events since the end of the period that materially affect the financial position.

Shareholders and their interests

The name of the shareholder as at 31st March 2020 and its interest as at that date in the share capital of the company was as follows:

Name of the shareholder	No. of shares	AED
Sarda Energy & Minerals Limited, India	1,000	1,000,000
Total	1,000	1,000,000

Auditors

ASR Chartered Accountants were appointed as independent auditors for the period ended 31 March 2020 and it is proposed that they be re-appointed for the year ending 31 March 2021.

DIRECTOR(S)

**INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF SARDA GLOBAL TRADING DMCC**

Report on the financial statements

We have audited the accompanying financial statements of SARDA GLOBAL TRADING DMCC, which comprise the statement of financial position as at 31 March 2020 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the period then ended, and a summary of significant accounting policies and other explanatory notes set out on pages 3 to 13.

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 circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform 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 auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entities 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 entities internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation for 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 give a true and fair view of the financial position of SARDA GLOBAL TRADING DMCC as of 31 March 2020 and of its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards.

Without qualifying our opinion, we draw attention to:

Note 1(d) to the financial statements regarding the preparation of financial statements on a going concern basis although the company has accumulated losses and equity funds showing net deficit.

Report on the other legal and regulatory requirements

We further confirm that financial statements comply with the implementing rules and regulations issued by the Dubai Multi Commodities Centre Authority and proper books of account have been kept by the company and the contents of the report of the director relating to these financial statements are in agreement with the books of account. To the best of our knowledge and belief no violations of the articles of association of the company or the regulations of the Dubai Multi Commodities Centre, Dubai U.A.E have occurred during the period, which would have had a material effect on the business of the company or on its financial position.

Dubai 28.05.2020
United Arab Emirates
Ref: AAR- 886

ASR CHARTERED ACCOUNTANTS
Regn# 529

ASR Chartered Accountants

SARDA GLOBAL TRADING DMCC

STATEMENT OF FINANCIAL POSITION 31 MARCH 2020

	Notes	31 Mar 2020 AED	31 Dec 2018 AED
NON - CURRENT ASSETS		---	---
CURRENT ASSETS		6,185,477	207,384
Trade and other receivables	3	295,336	16,758
Cash and cash equivalents	4	95,494	190,626
Other current financial assets	5	5,794,647	---
TOTAL ASSETS		<u>6,185,477</u>	<u>207,384</u>
CURRENT LIABILITIES		10,185,630	370,195
Amounts due to related parties	6	10,128,403	324,523
Trade and other payables	7	57,227	45,672
SHAREHOLDER'S FUNDS		(4,000,153)	(162,811)
Share capital	8	1,000,000	200,000
Accumulated losses		<u>(5,000,153)</u>	<u>(424,537)</u>
Equity deficit		(4,000,153)	(224,537)
Loan from the shareholder	9	---	61,726
TOTAL EQUITY AND LIABILITIES		<u>6,185,477</u>	<u>207,384</u>

The accompanying notes form an integral part of these financial statements.
The report of independent auditors is set forth on page 2.

We confirm that we are responsible for these financial statements, including the accounting policies and making judgments underlying them. We further confirm that we have made available all relevant accounting records and information for their compilation.

Approved by the management on: 21.05.2020

For **SARDA GLOBAL TRADING DMCC**

DIRECTOR(S)

SARDA GLOBAL TRADING DMCC
STATEMENT OF COMPREHENSIVE INCOME
PERIOD ENDED 31 MARCH 2020

	Notes	01 Jan 2019 to 31 Mar 2020 AED	06 Mar 2018 to 31 Dec 2018 AED
REVENUE		---	---
Staff benefits	10	(623,135)	(305,489)
Other operating expenses	11	(107,995)	(119,048)
Loss on investment at fair value through profit or loss	12	(4,162,656)	---
Other income	13	318,170	---
LOSS FOR THE PERIOD		(4,575,616)	(424,537)
Other comprehensive income		---	---
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(4,575,616)	(424,537)

The accompanying notes form an integral part of these financial statements.
The report of the independent auditor is set forth on page 2.

SARDA GLOBAL TRADING DMCC

STATEMENT OF CHANGES IN EQUITY PERIOD ENDED 31 MARCH 2020

	Share capital AED	Accumulated losses AED	Total AED
Share capital introduced	200,000	---	200,000
Loss for the period	---	(424,537)	(424,537)
As at 31 Dec 2018	<u>200,000</u>	<u>(424,537)</u>	<u>(224,537)</u>
Share capital introduced	800,000	---	800,000
Loss for the period	---	(4,575,616)	(4,575,616)
As at 31 Mar 2020	<u>1,000,000</u>	<u>(5,000,153)</u>	<u>(4,000,153)</u>

The accompanying notes form an integral part of these financial statements.
The report of the independent auditors is set forth on page 2.

SARDA GLOBAL TRADING DMCC

CASH FLOW STATEMENT PERIOD ENDED 31 MARCH 2020

	Notes	01 Jan 2019 to 31 Mar 2020 AED	06 Mar 2018 to 31 Dec 2018 AED
Cash flows from operating activities			
Cash (used in) operations	14	(10,637,286)	(395,623)
Net cash (used in) operating activities (A)		(10,637,286)	(395,623)
Cash flows from investing activities			
Net cash from investing activities (B)		---	---
Cash flows from financing activities			
Share capital introduced	8	800,000	200,000
Increase in amounts due to related party		9,803,880	324,523
Increase / (decrease) in loan from the shareholder		(61,726)	61,726
Net cash generated from financing activities (C)		10,542,154	586,249
Net increase / (decrease) in cash and cash equivalents (A+B+C)		(95,132)	190,626
Cash and cash equivalents at beginning of the period		190,626	---
Cash and cash equivalents at end of the period	4	<u>95,494</u>	<u>190,626</u>

The accompanying notes form an integral part of these financial statements.
The report of the independent auditors is set forth on page 2.

SARDA GLOBAL TRADING DMCC
NOTES TO THE FINANCIAL STATEMENTS
PERIOD ENDED 31 MARCH 2020

1. LEGAL STATUS AND BUSINESS ACTIVITY

- a) SARDA GLOBAL TRADING DMCC is incorporated as a limited liability company with Dubai Multi Commodities Centre Authority, Government of Dubai, U.A.E under license no. DMCC - 411558 with effect from 12 March 2018. The registered office of the company is situated at Unit No. 1241, DMCC Business Centre, Level No 1, Jewellery & Gemplex 3, Dubai, United Arab Emirates.
- b) The company's primary activity is Coal & Firewood Trading and Metal Ores Trading.
- c) The company is 100% owned by Sarda Energy & Minerals Limited, India.
- d) As at 31 March 2020, the company has accumulated losses of AED 5,000,152 and net deficit in equity is AED 4,000,153. However, the financial statements have been prepared on a going concern basis as the shareholder has decided to continue with the operations of the company and it is taking appropriate measures to ensure profitable operations of the company. Also, the shareholder has decided to provide its continuing financial supports to the company to enable it discharge its liabilities as and when they fall due.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared under the historical cost convention and 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 1st January 2019 and the requirements of UAE Commercial Companies Law of 1984, as amended and the implementing rules and regulations of the Dubai Multi-Commodities Centre Authority, Dubai, U.A.E. The significant accounting policies adopted, and that has been consistently applied, are as follows:

a) Revenue

Revenue is recognized when significant risks and rewards relating to the ownership of goods concerned are transferred to customer and is based on amount invoiced to customers for sales made during the year. However, the company did not generate any revenue through the operating activities.

Dividend revenue is recognised on the date when the company's right to receive the payment is established. Dividend revenue is presented gross of any non-recoverable withholding taxes, which are disclosed separately in the statement of comprehensive income. Dividend expense relating to equity securities sold short is recognised when the shareholders' right to receive the payment is established.

b) Leases

Leases under which substantially all the risks and rewards of ownership of the related asset remain with the lessor are classified as operating leases and the lease payments are charged to the income statement on a straight-line basis over the period of lease.

c) Foreign currency transactions

Transactions in foreign currencies are translated into UAE Dirham at the rate of exchange ruling on the date of the transactions.

Monetary assets and liabilities expressed in foreign currencies are translated into UAE Dirham at the rate of exchange ruling at the date of statement of financial position.

Gains or losses resulting from foreign currency transactions are taken to the statement of comprehensive income.

SARDA GLOBAL TRADING DMCC

NOTES TO THE FINANCIAL STATEMENTS PERIOD ENDED 31 MARCH 2020

d) Cash and cash equivalents

Cash and cash equivalents comprise cash, bank current accounts, and bank deposits free of encumbrance with a maturity date of three months or less from the date of deposit.

e) Investments in shares

Investment in equity shares is initially valued at cost and is subsequently measured at fair value. Where the fair value of the investments cannot be estimated, are measured at cost subject to provision for impairment if any.

f) Financial instruments

Financial assets and financial liabilities are recognised when, and only when, the company becomes a party to the contractual provisions of the instrument. Financial assets are de-recognised 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-recognised when, and only when, they are extinguished cancelled or expired.

Current financial assets that have fixed or determinable payments and for which there is no active market, which comprise trade and other receivables is classified as loans and receivables and are stated at cost or, if the impact is material, at amortized cost using the effective interest method, less any write down for impairment losses plus reversals of impairment losses. Impairment losses and reversals thereof are recognized in the income statement.

Current and non-current financial liabilities which comprise of loans and accruals are measured at cost or, if the impact is material, at amortized cost using the effective interest method.

g) Net gains or losses on financial assets and liabilities at FVPL

Net gains or losses on financial assets and liabilities at FVPL are changes in the fair value of financial assets and liabilities held for trading or designated upon initial recognition as at FVPL and exclude interest and dividend income and expenses. Unrealised gains and losses comprise changes in the fair value of financial instruments for the period and from reversal of the prior period's unrealised gains and losses for financial instruments which were realised in the reporting period. They represent the difference between an instrument's initial carrying amount and disposal amount, or cash payments or receipts made on derivative contracts.

h) Significant judgments and key assumptions

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

Impairment

At each statement of financial position date, management conducts an assessment of 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 other receivables, if an amount is deemed irrecoverable, it is written off to the income statement or, if previously 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.

SARDA GLOBAL TRADING DMCC
NOTES TO THE FINANCIAL STATEMENTS
PERIOD ENDED 31 MARCH 2020

h) Significant judgments and key assumptions (Continued)

Key assumptions made concerning the future and other key sources of estimation uncertainty at the statement of financial position that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period, are as follows:

Impairment

Assessments of net recoverable amounts of all financial assets other than receivables are based on assumptions regarding future cash flows expected to be received from the related assets.

i) Adoption of revised and new International Financial Reporting Standards

The company has applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2019. The company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. Although these new standards and amendments applied for the first time in 2019, they did not have a material impact on the annual financial statements of the company. The following new standards and amendments became effective as of 1 January 2019:

IFRS 16: Leases

IFRS 16 introduces a number of significant changes to lease accounting model. It eliminates the classification of leases as either operating lease or finance lease for a lessee and instead all the leases are treated similar to a finance lease. The standard, however does not require an entity to recognise assets and liabilities for a) Short- term leases (for a period of twelve months or less) and b) Leases of low value assets.

- Amendments to IFRS 9 Prepayment Features with Negative Compensation
- Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures
- Annual Improvements to IFRS Standards 2015–2017 Cycle Amendments to;

IFRS 3 Business Combinations,

The amendments clarify that when the Group obtains control of a business that is a joint operation, the Group applies the requirements for a business combination achieved in stages, including remeasuring its previously held interest (PHI) in the joint operation at fair value. The PHI to be remeasured includes any unrecognised assets, liabilities and goodwill relating to the joint operation.

IFRS 11 Joint Arrangements,

The amendments clarify that when a party that participates in, but does not have joint control of, a joint operation that is a business obtains joint control of such a joint operation, the Group does not remeasure its PHI in the joint operation.

IAS 12 Income Taxes

The amendments clarify that the Group should recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the Group originally recognised the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits.

IAS 23 Borrowing Costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

SARDA GLOBAL TRADING DMCC
NOTES TO THE FINANCIAL STATEMENTS
PERIOD ENDED 31 MARCH 2020

i) Adoption of revised and new International Financial Reporting Standards (Continued)

- Amendments to IAS 19 Employee Benefits Plan Amendment, Curtailment or Settlement
- IFRIC 23 Uncertainty over Income Tax Treatments

New and revised IFRSs in issue but not yet effective

The following International Financial Reporting Standards, amendments thereto and Interpretations that are assessed by management as likely to have an impact on the financial statements, have been issued by the IASB prior to the date the financial statements were authorised for issue, but have not been applied in these financial statements as their effective dates of adoption are for future accounting periods and the management do not expect that the adoption of below listed standards will have a material impact on the financial statements of the company.

- IFRS 17: Insurance Contracts
- IFRS 10 and IAS 28 (amendments): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to IFRS 3: Definition of a business
- Amendments to IAS 1 and IAS 8 Definition of material
- Amendments to References to the Conceptual Framework in IFRS Standards

SARDA GLOBAL TRADING DMCC
NOTES TO THE FINANCIAL STATEMENTS
PERIOD ENDED 31 MARCH 2020

	31 Mar 2020 AED	31 Dec 2018 AED
3. TRADE AND OTHER RECEIVABLES	295,336	16,758
Deposits	4,000	8,750
Prepayments	19,171	3,612
Advances	16,284	4,396
Other receivables	255,881	---
4. CASH AND CASH EQUIVALENTS	95,494	190,626
Bank current accounts	95,494	190,626
5. OTHER CURRENT FINANCIAL ASSETS	5,794,647	---
Investment in shares and commodities	9,957,303	---
Less: Fair value loss for the period	(4,162,656)	---
6. RELATED PARTY		
The company enters into transactions with entities that fall within the definition of a related party as contained in International Accounting Standard 24. The management considers such transactions to be in the normal course of business. Related party comprises the shareholder.		
At the statement of financial position date significant balances with related parties were as below;		
Amounts due to related party		
From companies under common control:	10,128,403	324,523
- Sarda Energy & Minerals HK Ltd.	10,128,403	324,523
Other balances with related party as on the date of statement of financial position were as below;		
- Loan from the shareholder (refer note – 9)	---	61,726
- Amounts due to the director (Refer note – 7)	52,172	42,672
Significant net transactions with related party during the period:		
Managerial remuneration (Included in staff benefits)	615,000	291,224
The above balances are unsecured and expected to be settled in cash.		
7. TRADE AND OTHER PAYABLES	57,227	45,672
Provision and other payables	57,227	45,672
(Includes amount due to related party) (Refer note – 6)		
8. SHARE CAPITAL	1,000,000	200,000
1,000 shares of AED 1,000/- each	1,000,000	200,000
(Issued and fully paid up)		
9. SHAREHOLDER'S LOAN	---	61,726
Amount introduced during the period	---	61,726
(Represents loan from the shareholder for incorporation expenses)		

SARDA GLOBAL TRADING DMCC
NOTES TO THE FINANCIAL STATEMENTS
PERIOD ENDED 31 MARCH 2020

	01 Jan 2019 to 31 Mar 2020 AED	06 Mar 2018 to 31 Dec 2018 AED
10. STAFF BENEFITS	623,135	305,489
Salary and allowances	615,000	291,224
Other staff related expenses	8,135	14,265
11. OTHER OPERATING EXPENSES	107,995	119,048
Rent	22,048	14,060
Legal, professional and license fees	48,565	48,981
Travelling and conveyance	5,130	28,957
Communication	11,003	4,567
Other administrative expenses	21,249	22,483
12. LOSS ON INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS	4,162,656	---
Loss on investments in shares and commodities	4,162,656	---
13. OTHER INCOME	318,170	---
Dividend income	63,532	---
Profit on sale of investments	182,296	---
Other misc. income	72,342	---
14. CASH (USED IN) OPERATIONS	(10,637,286)	(395,623)
Loss for the period	(4,575,616)	(424,537)
Adjustments:		
Dividend income	(63,532)	---
Profit on sale of investments	(182,296)	---
Fair value loss on investments	4,162,656	---
Operating loss before changes in operating Assets and liabilities	(658,788)	(424,537)
(Increase) in trade and other receivables	(278,578)	(16,758)
(Increase) in investments in share and commodities	(9,957,303)	---
Dividend income	63,532	---
Profit on sale of investments	182,296	---
Increase in trade and other payables	11,555	45,672
Changes in operating assets / liabilities	(9,978,498)	28,914

15. MANAGEMENT OF CAPITAL

The company's objectives when managing capital are to ensure that the company continues as a going concern and to provide the shareholders with a rate of return on their investments commensurate with the level of risk assumed. Capital comprises equity funds as presented in the statement of financial position together with amounts due to / due from related parties. Debt comprises total amounts owing to third parties, net of cash and cash equivalents.

The company is subject to imposed capital requirements as per provisions of Regulation no 1/03, issued by the Dubai Multi Commodities Centre Authority. The company has complied with all the capital requirements to which it is subject. Funds received from related parties net of funds provided to related parties are retained in the business according to the business requirements and maintain capital at desired levels.

SARDA GLOBAL TRADING DMCC
NOTES TO THE FINANCIAL STATEMENTS
PERIOD ENDED 31 MARCH 2020

16. FINANCIAL INSTRUMENTS

The management conducts and operates the business in a prudent manner, taking into account the significant risks to which the business is or could be exposed.

The primary risks to which the business is exposed, comprise credit, currency, liquidity and cash flow interest rate risks. Credit risk is managed by assessing the creditworthiness of potential customers and the potential for exposure to the market in which they operate, combined with regular monitoring and follow-up.

The company transacts in foreign currencies. Exposure is minimized where possible by denominating such transactions in UAE Dirham or in US Dollar to which the UAE Dirham is pegged.

Management continuously monitors its cash flows to determine its cash requirements and makes comparison with its funded and un-funded facilities in order to manage exposure to liquidity risk.

Exposures to the abovementioned risks are detailed below:

Credit risk

Financial assets that potentially expose the company to concentrations of credit risk comprise principally bank accounts and other receivables. The company's bank accounts are placed with high credit quality financial institutions.

Interest rate risk

Shareholders' current account is interest free and hence no exposure to interest rate risk. Reasonably possible changes to interest rates at the statement of financial position date are unlikely to have had a significant impact on profit or equity.

Exchange rate risk

There are no significant exchange rate risks as substantially all financial assets and financial liabilities are denominated in UAE Dirham or in US dollar to which the UAE Dirham is pegged. Reasonably possible changes to exchange rates at the statement of financial position date are unlikely to have had a significant impact on profit or equity.

Fair values

The fair value of financial instrument is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The fair value of the financial assets and financial liabilities which are required to be carried at cost or at amortised cost approximates to their carrying values.

17. CONTINGENT LIABILITIES

Except for ongoing business obligations which are under normal course of business against which no loss is detected, there has been no other known contingent liability or capital commitment on the company's account as at the statement of financial position date.

18. COMPARATIVE FIGURES

The current year financial statements are for 15 months and hence strictly not comparable with the previous year's financial statement which are from 6th March 2018 to 31st December 2018. The amounts in Director's report and financial statements have been rounded off to the nearest UAE Dirham.

For **SARDA GLOBAL TRADING DMCC**

DIRECTOR(S)