# SARDA GLOBAL VENTURE PTE. LTD.

## REPORT OF THE DIRECTORS

The directors present their report together with the audited financial statements of the company for the financial year ended 31 March 2010.

1. **DIRECTORS**

The directors of the company in office at the date of this report are:

Mundra Ghanshyam Das
Lee Lai Nah

2. **ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF ACQUISITION OF SHARES AND DEBENTURES**

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object was to enable the directors to acquire benefits by means of acquisition of shares or debentures in the company or any other body corporate.

3. **DIRECTORS' INTERESTS IN SHARES OR DEBENTURES**

The directors holding office at the end of the financial year and their interests in the share capital of the company and related corporations as recorded in the register of directors' shareholdings kept by the company under Section 164 of the Singapore Companies Act were as follows:-

| Name of director and company In which interests are held | At beginning of year | At end of year |
|---|---|---|
| Mundra Ghanshyam Das | | |
| Holding company | Ordinary shares | |
| Sarda Energy & Minerals Ltd (of Indian Rupees 1 each) | 5820 | 5820 |

4. **DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS**

Since the end of the previous financial year, no director has received or become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Singapore Companies Act, by reason of a contract made by the company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has substantial financial interest.

# SARDA GLOBAL VENTURE PTE. LTD.

## REPORT OF THE DIRECTORS

5. **OPTIONS TO TAKE UP UNISSUED SHARES**

During the financial year, no option to take up unissued shares of the company was granted.

6. **OPTIONS EXERCISED**

During the financial year, there were no shares of the company issued by virtue of the exercise of an option to take up unissued shares.

7. **UNISSUED SHARES UNDER OPTION**

At the end of the financial year, there were no unissued shares under option.

8. **AUDITORS**

The auditors, M/s. Prudential Public Accounting Corporation, Public Accountants and Certified Public Accountants, have expressed their willingness to accept re-appointment.

| | |
|---|---|
| Sd/- | Sd/- |
| Mundra Ghanshyam Das | Lee Lai Nah |
| Director | Director |

Singapore, 04 June 2010

# SARDA GLOBAL VENTURE PTE. LTD.

## STATEMENT BY DIRECTORS

We, being two of the directors of the company, do hereby state that in our opinion:-

(a) the accompanying financial statements set out on pages 5 to 21 are drawn up so as to give a true and fair view of the state of affairs of the company as at 31 March 2010, and of the results of the business, changes in equity and cash flows of the company for the financial year then ended; and

(b) at the date of this statement there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

| | |
|---|---|
| Sd/- | Sd/- |
| Mundra Ghanshyam Das | Lee Lai Nah |
| Director | Director |

Singapore, 04 June 2010

# SARDA GLOBAL VENTURE PTE. LTD.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

We have audited the accompanying financial statements of **SARDA GLOBAL VENTURE PTE. LTD.**, which comprises the statement of financial position as at 31 March 2010, and statement of comprehensive income, statement of changes in equity and statement of cash flows and a summary of significant accounting policies and other explanatory notes set out on pages 5 to 21 for the financial year ended 31 March 2010.

**Management's responsibility for financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Singapore Financial Reporting Standards and the Singapore Companies Act Cap. 50 (the "Act"). This responsibility includes: devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditors' responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks 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 entity's preparation and 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 entity's 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 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.

Without qualifying our opinion, we draw attention to Note 1 to the financial statements. The company incurred a net loss of **US$37,096** during the financial year ended 31 March 2010 , and the company's total liabilities exceeded its total assets by **US30,548**. These factors raise substantial doubt that the company will be able to continue as a going concern. However, the holding company will provide unconditional financial support to the company as and when required.

**Opinion**

In our opinion,

(a) the financial statements are properly drawn up in accordance with the provisions of the Act, and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the company as at 31 March 2010 and the results, changes in equity and cash flows of the company for the financial year ended on that date; and

(b) the accounting and other records required by the Act to be kept by the company have been properly kept in accordance with the provisions of the Act.

**PRUDENTIAL PUBLIC ACCOUNTING CORPORATION**
**PUBLIC ACCOUNTANTS AND**
**CERTIFIED PUBLIC ACCOUNTANTS**
**SINGAPORE**

Singapore, 04 June 2010

# SARDA GLOBAL VENTURE PTE. LTD.

## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2010

| | Note | 2010<br>US$ | 2009<br>US$ |
|---|---|---|---|
| **ASSETS** | | | |
| **Current asset:** | | | |
| Other receivables | (8) | **752,345** | 149,100 |
| Cash and bank balances | (9) | **3,815** | 15,143 |
| **Total assets** | | **756,160** | 164,243 |
| **LIABILITY AND EQUITY** | | | |
| **Current liability:** | | | |
| Other payables | (10) | **786,708** | 157,695 |
| **Equity:** | | | |
| Share capital | (11) | **10,000** | 10,000 |
| Accumulated losses | | **(40,548)** | (3,452) |
| (Capital deficiency)/Total equity | | **(30,548)** | 6,548 |
| **Total liability and equity** | | **756,160** | 164,243 |

The annexed notes form an integral part of these financial statements.

# SARDA GLOBAL VENTURE PTE. LTD.

## STATEMENT OF COMPREHENSIVE INCOME

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010

| | Note | 01 Apr 2009 To 31 Mar 2010 US$ | 12 Jun 2008 To 31 Mar 2009 US$ |
|---|---|---|---|
| **Revenue** | | **-** | - |
| Administrative expenses | | **(37,096)** | (3,452) |
| **Loss before income tax** | | **(37,096)** | (3,452) |
| Income tax expense | (12) | **-** | - |
| **Loss for the year/period** | | **(37,096)** | (3,452) |
| **Other comprehensive income** | | **-** | - |
| **Total comprehensive income for the year/period** | | **(37,096)** | (3,452) |

The annexed notes form an integral part of these financial statements.

# SARDA GLOBAL VENTURE PTE. LTD.

## STATEMENT OF CHANGES IN EQUITY

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010

| | Share Capital | Accumulated Losses | Total |
|---|---|---|---|
| | **US$** | **US$** | **US$** |
| Balance as at date of incorporation, 12 June 2008 | 10,000 | - | 10,000 |
| Total comprehensive loss for the period | - | (3,452) | (3,452) |
| Balance as at 31 March 2009 | 10,000 | (3,452) | 6,548 |
| Total comprehensive loss for the year | - | (37,096) | (37,096) |
| Balance as at 31 March 2010 | 10,000 | (40,548) | (30,548) |

The annexed notes form an integral part of these financial statements.

# SARDA GLOBAL VENTURE PTE. LTD.

## STATEMENT OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010

| | 01 Apr 2009 To 31 Mar 2010 | 12 Jun 2008 To 31 Mar 2009 |
|---|---|---|
| | US$ | US$ |
| **Cash flow from operating activities:** | | |
| Loss before income tax and working capital changes | **(37,096)** | (3,452) |
| Other receivables | **(603,245)** | (149,100) |
| Other payables | **629,013** | 157,695 |
| **Net cash (used in)/from operating activities** | **(11,328)** | 5,143 |
| **Cash flow from financing activity:** | | |
| Proceeds from issue of shares | **-** | 10,000 |
| **Net cash flow from financing activity** | **-** | 10,000 |
| Net (decrease)/increase in cash | **(11,328)** | 15,143 |
| Cash at beginning of the year/period | **15,143** | - |
| **Cash at end of year/period** | **3,815** | 15,143 |

The annexed notes form an integral part of these financial statements.

# SARDA GLOBAL VENTURE PTE. LTD.

## NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2010

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

## 1. GENERAL

The company (Registration number: 200811580R) is a limited private company, which is domiciled and incorporated in the Republic of Singapore with its registered office at:

17 Phillip Street
#05 – 01 Grand Building
Singapore 048695

The principal activities of the company are to do investment in doing mines.

The company incurred a net loss of **US$37,096** during the financial year ended 31 March 2010, and the company's total liabilities exceeded its total assets by **US$30,548**. These factors raise substantial doubt that the company will be able to continue as a going concern. However, the holding company will provide unconditional financial support to the company as and when required.

The financial statements of the company for the financial year ended 31 March 2010 were authorised for issue in accordance with the directors' resolution dated 28 April 2010.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1. Basis of Accounting

The financial statements are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below, and are drawn up and in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS").

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the company's accounting policies. It also requires the use of accounting estimates and assumption that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

# SARDA GLOBAL VENTURE PTE. LTD.

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd

### 2.2. Changes in accounting policies

In the current financial year, the company has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for current financial year. The adoption of the above standards is assessed to have no material impact on the financial results and the financial position of the company for the year ended 31 March 2010, except for FRS 107 and the amendment to FRS 1 (revised) as indicated below.

FRS 1 Presentation of Financial Statements (Revised) requires all owner changes in equity to be presented in a statement of changes in equity. All comprehensive income is presented in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). It requires presenting a statement of financial position as at the beginning of the earliest comparative period in a complete set of financial statements when there are retrospective adjustments or reclassification adjustments. However, it does not change the recognition, measurement or disclosure of specific transactions and other events required by other FRSs. However, the company had adopted the one statement of comprehensive income.

FRS 107 Financial Instruments: Disclosures (Amendment) clarifies that fair value disclosures are required for each class of financial instruments separately. The amendments introduce a three-level hierarchy for fair value measurement disclosures; Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability directly or indirectly, and Level 3: inputs for the asset or liability that are not based on observable market data; and require additional disclosures about the relative reliability of fair value measurements. In addition, the existing requirements for the disclosure of liquidity risk are clarified and enhanced. Comparative disclosure is not required in the first year of application.

### 2.3. FRSs and INT FRSs not yet effective

At the date of authorisation of these financial statements, the following FRS's and INT FRS's were issued but not effective:

| Reference | Description | Effective for annual periods beginning on or after |
|---|---|---|
| FRS 24 | Related Party Disclosures (Revised) | 1 January 2011 |
| FRS 27 | Consolidated and Separate Financial Statements (Amendment) | 1 July 2009 |
| FRS 32 | Financial Instruments: Presentation-Classification of Rights Issues (Amendment) | 1 February 2010 |

# SARDA GLOBAL VENTURE PTE. LTD.

## NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd

### 2.3. FRSs and INT FRSs not yet effective – cont'd

| Reference | Description | Effective for annual periods beginning on or after |
|---|---|---|
| FRS 39 | Financial Instruments: Recognition and Measurement –Eligible Hedged Item | 1 July 2009 |
| FRS 101 | First-time Adoption of Financial Reporting Standards (Revised) | 1 July 2009 |
| FRS 101 | First-time Adoption of Financial Reporting Standards (Revised) – Additional exemptions for first-time Adopters | 1 January 2010 |
| FRS 102 | Share-based Payment: Group Cash-settled Share-based Payment Transactions (Amendment) | 1 January 2010 |
| FRS 103 | Business Combinations (Amendment) | 1 July 2009 |
| FRS 105 | Non-current Assets Held for Sale and Discontinued Operations (Amendment) | 1 July 2009 |
| INT FRS 114 | Prepayment of a Minimum Funding Requirement (Amendment) | 1 January 2011 |
| INT FRS 119 | Extinguishing Financial liabilities with Equity Instruments | 1 July 2010 |
| INT FRS 117 | Distributions of Non-cash Assets to Owners | 1 July 2009 |
| INT FRS 118 | Transfers of Assets from Customers | 1 July 2009 |
| **Improvements to FRSs issued in 2009** | | |
| FRS 38 | Intangible Assets (Amendment) | 1 July 2009 |
| FRS 102 | Share-based Payment (Amendment) | 1 July 2009 |
| INT FRS 109 | Reassessment of Embedded Derivatives (Amendment) | 1 July 2009 |
| INT FRS 116 | Hedges of a Net Investment in a Foreign Operation (Amendment) | 1 July 2009 |
| FRS 1 | Presentation of Financial Statements (Amendment) | 1 January 2010 |
| FRS 7 | Statement of Cash Flows (Amendment) | 1 January 2010 |
| FRS 17 | Leases (Amendment) | 1 January 2010 |
| FRS 36 | Impairment of Assets (Amendment) | 1 January 2010 |
| FRS 39 | Financial Instruments: Recognition and Measurement | 1 January 2010 |
| FRS 105 | Non-current Assets Held for Sale and Discontinued Operations (Amendment) | 1 January 2010 |

The directors expect that the adoption of the standards and interpretations above will have no material impact on the financial statements in the period of initial application.

# SARDA GLOBAL VENTURE PTE. LTD.

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd

### 2.4. Foreign currency transactions

Transactions in foreign currencies are recorded using the rates ruling at the dates of the transactions. At each end of the reporting period, monetary assets and liabilities are recorded at the rates ruling at the end of the reporting period. Non monetary assets and liabilities measured at cost are measured using the exchange rates ruling at the transaction dates. Non-monetary assets and liabilities measured at fair value are measured at exchange rates ruling at the dates the fair value was determined. All realised and unrealised exchange adjustment gains and losses are dealt with in the statement of comprehensive income.

### 2.5. Impairment of financial assets

Financial assets are assessed for indicators of impairment at each end of the reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables where the carrying amount is reduced through the use of an allowance account. When a trade and other receivable are uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment loss not been recognised.

### 2.6. Functional and presentation currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ("the functional currency"). The financial statements of the company are presented in United States dollars, which is also the functional and presentation currency of the company.

# SARDA GLOBAL VENTURE PTE. LTD.

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd

### 2.7. Income Tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case, it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the initial recognition of goodwill and the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit.

Deferred tax assets is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each end of the reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to set off current deferred tax assets and liabilities and they relate to income tax levied by the same authority on the same entity.

### 2.8. Provisions

Provisions are recognised when the company has a legal or constructive obligation as a result of past events, it is likely that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-taxation rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

## 3. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised on the company statement of financial position when the company becomes a party to the contractual provisions of the instrument.

# SARDA GLOBAL VENTURE PTE. LTD.

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

3. **FINANCIAL INSTRUMENTS – cont'd**

3.1. **Financial assets**

a) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter year.

b) Other receivables

Other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of other receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the allowance is recognised in the income statement.

c) Cash and bank balances

Cash and bank balances comprise cash at bank and on hand, and demand deposits with banks with original maturity within 3 months and are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

d) Derecognition of financial assets

A financial asset is derecognised where the contractual rights to receive cash flows from the asset have expired.

On derecognition of a financial asset in its entirely, the difference between the carrying amount and the sum of (a) the consideration received and (b) any cumulative gain or loss that has been recognised directly in equity is recognised in the statement of comprehensive income.

3.2. **Financial liabilities and equity**

Financial liabilities and equity instruments issued by the company are classified accordingly to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

# SARDA GLOBAL VENTURE PTE. LTD.

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

## 3. FINANCIAL INSTRUMENTS – cont'd

### 3.2. Financial liabilities and equity – cont'd

a) Effective interest rate method

The effective interest rate method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash payment through the expected life of the financial liability, or, where appropriate, a shorter year.

b) Financial liabilities

Other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

c) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments issued by the company are recorded at the proceeds received, net of direct issue cost.

d) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Gains or losses are recognised in the statement of comprehensive income when the liabilities are derecognised as well as through the amortisation process.

## 4. CRITICAL JUDGEMENTS, ASSUMPTIONS AND ESTIMATION UNCERTAINTIES

### 4.1. Critical accounting judgements

In the process of applying the company's accounting policies, management is of the opinion that there are no critical judgements involved that have significant effect on the amounts recognised in the financial statements.

### 4.2. Key sources of estimation uncertainties

The management is of the opinion that there are no key sources of estimation uncertainty at the end of the reporting period that have a significant effect on the amounts of assets and liabilities within the next financial year.

# SARDA GLOBAL VENTURE PTE. LTD.

**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**

## 5. FINANCIAL RISKS AND MANAGEMENT

The company's overall risk management policy seeks to minimise potential adverse effects on the financial performance of the company. The company, however, does not have any written risk management policies and guidelines. The directors monitor the following risks management of the company and the financial risks associated with these financial instruments are as follows:

a) Categories of financial assets and liabilities

| | 2010<br>US$ | 2009<br>US$ |
|---|---|---|
| Financial assets | | |
| Cash and bank balances | **3,815** | 15,143 |
| Other receivables | **752,345** | 149,100 |
| | **756,160** | 164,243 |
| Financial liabilities | | |
| Other payables | **786,708** | 157,695 |

b) Credit Risk

Credit risk refers to risk that counterparty will default on their obligations to repay amounts owing to company resulting in a loss to the company. The company's primary exposure to credit risk arises through its cash and cash equivalents. It is the company's policy to enter into transactions with high credit rating counter-parties to mitigate any significant credit risk. At the end of the financial year, the company has no significant concentration of credit risk.

As the company does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position.

**Financial assets that are neither past due nor impaired**

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit ratings assigned by international credit-rating agencies. Other receivables that are neither past due nor impaired are substantially companies with a good collection track record with the company.

**Financial assets that are past due and/or impaired**

There is no other class of financial assets that is past due and/or impaired.

c) Foreign Currency Risk

Foreign currency risk arose from the change in foreign exchange rates that may have an adverse effect on the company in the current reporting year and in the future years.

# SARDA GLOBAL VENTURE PTE. LTD.

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

## 5. FINANCIAL RISKS AND MANAGEMENT – cont'd

c) Foreign Currency Risk – cont'd

The company is exposed to foreign exchange rate risk associated with expenses which are denominated in Singapore. However, the management believes that the foreign currency risk is manageable. Hence, the company does not use derivative financial instruments to mitigate this risk.

The company's exposure to foreign exchange are as follows:

| | 2010<br>US$ | 2009<br>US$ |
|---|---|---|
| Financial assets | **-** | - |
| Financial liabilities | | |
| Other payables | **5,263** | 1,695 |

Sensitivity analysis

The analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. A 5% increase or decrease is used when reporting foreign exchange rate risk internally to key management personnel and represents management's assessment of the possible change in exchange rates.

A 5% strengthening of United States Dollar against the following currencies would increase/(decrease) profit or loss by the amount shown below:

| | 2010<br>US$ | 2009<br>US$ |
|---|---|---|
| S$ impact | **(263)** | (85) |

A 5% weakening of United States dollar against the above currencies would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

d) Liquidity Risk Management

Liquidity risk refer to risk that the company will not have sufficient funds to pay its debts as and when they fall due.

In the management of the liquidity risk, the company monitors and maintains a level of cash at bank deemed adequate by the management to finance the company's operations and mitigate the effects of fluctuations in cash flows.

# SARDA GLOBAL VENTURE PTE. LTD.

## NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

### 5. FINANCIAL RISKS AND MANAGEMENT – cont'd

d) Liquidity Risk Management – cont'd

The following table summarises the company's remaining contractual maturity for its non-derivative financial instruments at the end of the reporting period based on undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the company is expected to receive or pay.

| 2010 | Effective interest rate (%) | Less than 1 year | Total |
|---|---|---|---|
| | | US$ | US$ |
| **Financial assets** | | | |
| Other receivables | - | **752,345** | **752,345** |
| Cash at bank | - | **3,815** | **3,815** |
| | | **756,160** | **756,160** |
| **Financial liabilities** | | | |
| Other payables | - | **786,708** | **786,708** |

| 2009 | Effective interest rate (%) | Less than 1 year | Total |
|---|---|---|---|
| | | US$ | US$ |
| **Financial assets** | | | |
| Other receivables | - | 15,143 | 15,143 |
| Cash at bank | - | 149,100 | 149,100 |
| | | 164,243 | 164,243 |
| **Financial liabilities** | | | |
| Other payables | - | 157,695 | 157,695 |

e) Fair value of financial assets and financial liabilities

The carrying amounts of cash at bank, other receivables and other payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to financial statements.

f) Capital risk management policies and objectives

The company manages its capital to ensure that the company is able to continue as a going concern and maintains an optimal capital structure so as to maximise shareholder value.

In order to maintain or adjust the capital structure, the company may adjust the dividend payment to equity holders, issue new shares, return capital to the equity holders, obtain new borrowings or redemption of borrowings.

# SARDA GLOBAL VENTURE PTE. LTD.

## NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

### 5. FINANCIAL RISKS AND MANAGEMENT – cont'd

f) Capital risk management policies and objectives – cont'd

The company monitors capital using gearing ratio, which is net debt divided by total capital. Net debt is calculated as borrowings plus other payables less cash and cash equivalents. Total capital is calculated as equity plus net debt. The company's overall strategy remains unchanged during the year.

| | **2010** | 2009 |
|---|---|---|
| | **US$** | **US$** |
| Other payables | **786,708** | 157,695 |
| Less Cash and cash equivalents | **(3,815)** | (15,143) |
| Net debt | **782,893** | 142,552 |
| Total equity | **(30,548)** | 6,548 |
| Total capital | **752,345** | 149,100 |
| Gearing ratio | **104%** | 96% |

The company is not subject to externally imposed capital requirements.

### 6. HOLDING COMPANY

The company is a wholly-owned subsidiary of Sarda Energy & Minerals Ltd, incorporated in India, which is also the company's ultimate holding company.

Some of the company's transactions and arrangements are between members of the group and the effect of these on the basis determined between the parties are reflected in these financial statements. The intercompany balances are unsecured, interest free and repayable on demand.

### 7. RELATED PARTY TRANSACTIONS

Related parties are entities with common direct or indirect shareholders and/or directors as that of the company. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Some of the group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties are reflected in these financial statements. The balances are unsecured, interest free and repayable on demand unless otherwise stated.

# SARDA GLOBAL VENTURE PTE. LTD.

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

## 8. OTHER RECEIVABLES

| | 2010<br>US$ | 2009<br>US$ |
|---|---|---|
| Other receivables | **752,345** | 149,100 |

The carrying amount of other receivables, which approximate their fair value are denominated in United States dollars.

## 9. CASH AND BANK BALANCES

| | 2010<br>US$ | 2009<br>US$ |
|---|---|---|
| Cash at bank | **3,815** | 15,143 |

The carrying amount of bank balance, which approximate their fair value are denominated in United States dollars.

## 10. OTHER PAYABLES

| | 2010<br>US$ | 2009<br>US$ |
|---|---|---|
| Related company (Note 7) | **600,000** | - |
| Holding company (Note 6) | **181,446** | 155,000 |
| Accrued expenses | **5,262** | 2,695 |
| | **786,708** | 157,695 |

The amount due to holding company is unsecured, interest free and repayable on demand.

The carrying amounts of the other payables, which approximate their fair value are denominated in the following currencies:

| | 2010<br>US$ | 2009<br>US$ |
|---|---|---|
| Singapore dollars | **5,262** | 1,695 |
| United States dollars | **781,445** | 156,000 |
| | **786,708** | 157,695 |

# SARDA GLOBAL VENTURE PTE. LTD.

## NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

### 11. SHARE CAPITAL

| | 2010 US$ | 2009 US$ |
|---|---|---|
| 100 ordinary shares | **10000** | 10000 |

The company has one class of ordinary shares, which carry no right to fixed income.

### 12. INCOME TAX

No income tax is provided as there is no chargeable income during the financial year.

### 13. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging:

| | 01 Apr 2009 To 31 Mar 2010 US$ | 12 Jun 2008 To 31 Mar 2009 US$ |
|---|---|---|
| Incorporation fee | **-** | 757 |

### 14. COMPARATIVE FIGURES

The financial statements for 31 March 2010 cover the financial period from 1 April 2009 to 31 March 2010. The financial statements for 31 March 2009 covered the financial period since incorporation on 12 June 2008 to 31 March 2009.