

**Report on the Financial Statements**

We have audited the accompanying financial statements of **SHARDA DE MEXICO S. DE RL DE CV**, which comprises the statement of financial position for the year ending 31.03.2015, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and a summary of significant accounting policies and explanatory notes.

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

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

**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 ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

**Opinion**

In our opinion the financial statements present fairly, in all material respects, the financial position of **SHARDA DE MEXICO S. DE RL DE CV** for the year ending 31.03.2015 and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards.

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



**CA K.V.BESWAL  
PARTNER  
M.NO.131054  
PLACE : MUMBAI  
DATED : 23/05/2015**



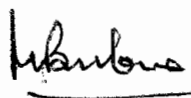
SHARDA DE MEXICO S. DE RL DE CV

Statement of Financial Position  
As at 31st March, 2015

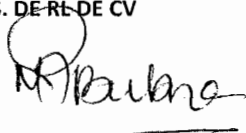
	<i>Notes</i>	<b>31-Mar-15</b> <b>US \$</b>	<b>31-Mar-14</b> <b>US \$</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	5	6,646	8,754
<b>Current assets</b>			
Inventories	6	3,608,037	1,439,655
Trade and other receivables	7	3,029,284	3,991,502
Prepayments	8	180,023	522,853
Cash and Cash equivalent	9	91,726	287,780
<b>TOTAL ASSETS</b>		<b>6,915,716</b>	<b>6,250,544</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	10	221	221
Accumulated Losses		(728,254)	(820,929)
<b>Equity funds</b>		<b>(728,033)</b>	<b>(820,708)</b>
<b>Total Equity</b>		<b>(728,033)</b>	<b>(820,708)</b>
<b>Current liabilities</b>			
Trade and other payables	11	6,659,181	5,185,245
Loan from related parties		618,963	1,509,990
Miscellaneous Liabilities	12	365,605	376,017
		<b>7,643,749</b>	<b>7,071,252</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>6,915,716</b>	<b>6,250,544</b>

The accompanying notes 1 to 19 form an integral part of these financial statements.  
The Independent Reviewer's Report is attached herewith.

For SHARDA DE MEXICO S. DE RL DE CV



Director



Director



SHARDA DE MEXICO S. DE RL DE CV

Statement of Comprehensive Income  
for the period ended 31st March, 2015

		01/04/2014 to 31/03/2015	01/01/2013 to 31/03/2014
	<i>Notes</i>	<u>US \$</u>	<u>US \$</u>
Revenue	13	7,772,538	11,864,978
Cost of sales	14	<u>7,663,049</u>	<u>10,533,723</u>
<b>Profit from operating activities</b>		109,489	1,331,255
Other income		706,676	-
Administrative and General Expenses	15	1,052,533	1,197,247
Finance Expenses	16	76,450	69,531
<b>Profit/(Loss) before tax</b>		<b>(312,818)</b>	<b>64,476</b>
Income Tax		57,228	52,697
Prior Period Tax Expense		137,382	-
<b>Profit/(Loss) after tax</b>		<b>(507,428)</b>	<b>11,780</b>
<b>Other Comprehensive Income</b>			
Foreign Exchange Rate difference		600,103	16,885
<b>Total Other Comprehensive Income</b>		<b>92,675</b>	<b>28,665</b>

The accompanying notes 1 to 19 form an integral part of these financial statements.

## SHARDA DE MEXICO S. DE RL DE CV

Statement of Cash flows  
for the period ended 31st March, 2015

Particulars	01/04/2014 to 31/03/2015	01/01/2013 to 31/03/2014
	US \$	US \$
<b><u>Cash flows from operating activities</u></b>		
Net profit/(loss) for the period	(507,428)	11,780
<u>Adjustments for:</u>		
Depreciation	2,268	1,225
Unrealised foreign exchange adjustment		
Finance costs	76,450	69,531
<b>Operating profit/(loss) before working capital changes</b>	<b>(428,710)</b>	<b>82,536</b>
<b><u>Changes in working capital:</u></b>		
Changes in the inventories	(2,168,382)	(572,470)
Changes in trade and other receivables	962,218	(478,288)
Changes in prepayments	342,831	(349,796)
Changes in Miscellaneous Liabilities	(10,412)	(165,729)
Changes in trade and other payables	1,473,936	247,416
<b>Net cash (used in) operating activities</b>	<b>171,481</b>	<b>(1,236,332)</b>
<b><u>Cash flows from investing activities</u></b>		
Purchase of fixed assets	(159)	(9,319)
<b>Net cash (used in) investing activities</b>	<b>(159)</b>	<b>(9,319)</b>
<b><u>Cash flows from financing activities</u></b>		
Loan received from related party	(891,027)	1,509,990
<b>Net cash from financing activities</b>	<b>(891,027)</b>	<b>1,509,990</b>
<b>Finance Costs</b>	<b>(76,450)</b>	<b>(69,531)</b>
<b>Net changes in cash and cash equivalents</b>	<b>(796,155)</b>	<b>194,809</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>287,780</b>	<b>76,085</b>
<b>Foreign Exchange Rate difference</b>	<b>600,102</b>	<b>16,887</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>91,727</b>	<b>287,780</b>

The accompanying notes 1 to 19 form an integral part of these financial statements.

**SHARDA DE MEXICO S. DE RL DE CV**  
**Notes to the Financial Statements**  
**for the period ended 31st March, 2015**

**1 Legal status**

a) SHARDA DE MEXICO S. DE RL DE CV is a limited liability company registered in the Chamber of Commerce of Mexico incorporated on 23.07.2007.

b) The company is engaged in the business of trading in chemicals

**2 Basis of preparation**

a) **Statement of compliance**

The financial statements are prepared in accordance with International Financial Reporting Standards issued or adopted by the International Accounting Standards Board (IASB) for the purpose of consolidation with Siddhivinayak International Limited.

b) **Basis of measurement**

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

c) **Functional and presentation currency**

The functional currency of the company is Mexican Pesos (MXN). Financial statements of the company are presented in United States Dollar (USD)

**3 Use of estimates and judgment**

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

**Judgments made in applying accounting policies**

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

**Impairment**

At each reporting date, management conducts an assessment of fixed assets and all financial assets to determine whether there are any indications that they may be impaired. In the absence of such indications, no further action is taken. If such indications do exist, an analysis of each asset is undertaken to determine its net recoverable amount and, if this is below its carrying amount, a provision is made. In the case of loans and receivables, if an amount is deemed irrecoverable, it is written off to income statement or, if previously a provision was made, it is written off against the provision. Reversals of provisions against loans and receivables are made to the extent of the related amounts being recovered.

**Key sources of estimation uncertainty and assumptions**

The key assumptions concerning the future, and other key sources of estimation uncertainty and assumptions at the reporting sheet date, that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

**Estimated useful life of fixed assets**

Management determines the estimated useful lives and depreciation charge for its property, plant and equipment at the time of addition of the assets and is reviewed on annual basis.

**Inventory provisions**

Management regularly undertakes a review of the company's inventory, in order to assess the likely realization proceeds, taking in account purchase and replacement prices, age, likely obsolescence, the rate at which goods are being sold and the physical damage. Based on the assessment assumptions are made as to the level of provisioning required.

**Impairment**

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

**4 Adoption of new International Financial Reporting Standards**

The following International Financial Reporting Standards, amendments thereto and interpretations that became effective for the current reporting period and which are applicable to the company are as follows:

- IAS 24: Related Party Disclosures
- Improvements to IFRS
- IFRS 7: Financial Instruments: Disclosures
- IFRS 1: Presentation of Financial Statements

Their adoption has resulted in presentation and disclosure changes only.

**Significant accounting policies:**

**a) Depreciation of fixed assets**

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

**Computers - 3.3 years**

**Office equipment - 5 years**

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

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

**b) Financial instruments**

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

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

**Financial assets**

**Non derivative financial assets**

**Initial Recognition and Measurement**

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

**Subsequent Measurement**

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

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

**Derivative financial instruments:**

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

It's value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying');

It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors; and

It is settled at a future date.

**Recognition and Measurement**

**Derivative Financial Instruments**

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

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

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

#### Loans and receivables

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

#### c) Inventories for trading

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

Cost comprises invoice value plus attributable direct expenses.

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

#### d) Trade and other receivables

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

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

Bad debts are written off when identified.

#### e) Foreign currency transactions

Transactions in foreign currencies are converted into Mexican Pesos at the rate of exchange ruling on the date of the transaction. Assets and liabilities expressed in foreign currencies are translated into Mexican Pesos at the rate of exchange ruling at the balance sheet date. Resulting gain or loss is taken to the income statement

#### f) Impairment

The carrying amounts of the assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of the asset or its cash-generating unit exceeds its recoverable amount. Impairment losses, if any, are recognized in the income statement.

#### g) Trade and other payables

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

#### h) Provisions

Provisions are recognized when the company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation at the end of the reporting period, using a rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

When some or all the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of receivable can be measured reliably.

#### i) Fair values

The fair value of forward foreign exchange contracts is calculated by reference to current forward exchange rates with the same maturity.

#### j) Revenue recognition

##### Sales of goods

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

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

k) **Borrowing costs**

Finance expense comprises finance cost on bank borrowing and interest paid to a shareholder is recognized in statement of comprehensive income.

l) **Cash and cash equivalents**

Cash and cash equivalents for the purpose of the cash flow statement comprise cash and cheques on hand, bank balance in current accounts, deposits free of encumbrance with a maturity date of three months or less from the date of deposit and highly liquid investments with a maturity date of three months or less from the date of investment.

m) **Dividend:**

Dividend is paid out of accumulated profits, when declared.





**SHARDA DE MEXICO S. DE RL DE CV**

5. Fixed Assets

Particulars	Computers equipment	Software	Office equipment	Total
	<u>US \$</u>	<u>US \$</u>	<u>US \$</u>	<u>US \$</u>
<b>Cost</b>				
As at 01.04.2014	4,604.93	1,959.29	3,829.75	10,393.98
Addition during the period	-	-	159.47	159.47
As at 31.03.2015	<u>4,604.93</u>	<u>1,959.29</u>	<u>3,989.22</u>	<u>10,553.45</u>
<b>Depreciation</b>				
As at 01.04.2014	1,306.06	117.90	215.73	1,639.68
Charge for the period	1,274.76	576.71	416.59	2,268.07
As at 31.03.2015	<u>2,580.81</u>	<u>694.61</u>	<u>632.32</u>	<u>3,907.75</u>
<b>Net book value</b>				
As at 31.12.2014	<u>3,298.88</u>	<u>1,841.39</u>	<u>3,614.02</u>	<u>8,754.29</u>
As at 31.03.2015	<u>2,024.12</u>	<u>1,264.68</u>	<u>3,356.90</u>	<u>6,645.70</u>

*In the opinion of management, there was no impairment in respect of fixed assets. Hence carrying value of fixed assets as at 31st March, 2015 approximates their net book value.*

SHARDA DE MEXICO S. DE RL DE CV

Notes to the Financial Statements  
for the period ended 31st March, 2015

	<b>31/03/2015</b>	<b>31/03/2014</b>
	<b>US \$</b>	<b>US \$</b>
<b>6 Inventories</b>		
Trading Goods	1,132,097	1,439,655
Goods In Transit	2,475,940	-
	<b>3,608,037</b>	<b>1,439,655</b>
<b>7 Trade and other receivables</b>		
Trade receivables	3,029,284	3,991,502
	<b>3,029,284</b>	<b>3,991,502</b>
<b>8 Prepayments</b>		
Rent deposit	5,629	4,588
Advance Tax	29,827	258,576
Advance to staff	855	1,773
Balance with Govt Authority	143,712	114,306
Other	-	-
	<b>180,023</b>	<b>522,853</b>
<b>9 Cash and Cash Equivalents</b>		
Bank Balance in current account	91,726	287,780
	<b>91,726</b>	<b>287,780</b>
<b>10 Share capital</b>		
<b>Authorised :</b>		
1 Share of 2970 MXN	219	219
1 Share of 30 MXN	2	2
	<b>221</b>	<b>221</b>
<b>Issued and paid up</b>		
1 Share of 2970 MXN	219	219
1 Share of 30 MXN	2	2
	<b>221</b>	<b>221</b>
<b>11 Trade and other payables</b>		
Trade payables	6,659,181	5,128,165
Accruals and provisions	-	57,079
	<b>6,659,181</b>	<b>5,185,245</b>
<b>12 Miscellaneous Liabilities</b>		
Advance from Customer	7,395	8,638
Salaries payable	-	94,956
Taxes payable	358,210	272,422
VAT charged	-	-
	<b>365,605</b>	<b>376,017</b>

*Handwritten mark*

SHARDA DE MEXICO S. DE RL DE CV

Notes to the Financial Statements  
for the period ended 31st March, 2015

	<i>01/04/2014 to 31/03/2015</i>	<i>01/01/2013 to 31/03/2014</i>
<b>Revenue from operations</b>		
<b>13</b>		
	US \$	US \$
Sale of agrochemicals	7,772,538	11,864,978
	<u>7,772,538</u>	<u>11,864,978</u>
<b>14 Cost of Goods Sold</b>		
	<i>01/04/2014 to 31/03/2015</i>	<i>01/01/2013 to 31/03/2014</i>
	US \$	US \$
Opening balance	1,439,655	867,181
Purchase	9,766,931	11,041,066
Add:Freight charges	64,501	17,681
Add:Importation expenses	-	47,450
Closing balance	3,608,037	1,439,655
	<u>7,663,049</u>	<u>10,533,723</u>
<b>15 Administrative and General Expenses</b>		
	<i>01/04/2014 to 31/03/2015</i>	<i>01/01/2013 to 31/03/2014</i>
	US \$	US \$
Salaries and benefits	238,506	540,967
Commissions	73,145	89,219
Legal Fees	105,539	4,850
Office expenses	10,868	18,329
Rent	18,960	19,246
Professional Charges	119,073	64,247
Foreign exchange gain loss	367,783	56,498
Postage and Telegram	12,471	2,275
Taxes, Penalty and Duties	98	388,967
Depreciation	2,268	1,225
Miscellaneous Expenses	103,823	11,423
	<u>1,052,533</u>	<u>1,197,247</u>
<b>16 Finance Cost</b>		
	<i>01/04/2014 to 31/03/2015</i>	<i>01/01/2013 to 31/03/2014</i>
	US \$	US \$
Interest on Loan from related party	73,432	62,521
Bank Charges	3,018	7,010
	<u>76,450</u>	<u>69,531</u>

*AS*

## 17 Related party transactions

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

### (a) Nature of relationship:

Particulars	Nature of Relationship
1. Sharda Cropchem Limited	Holding Company
2. Sharda Interantional DMCC	Holding Company

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

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

Particulars	01/04/2014 to 31/03/2015	01/01/2013 to 31/03/2014
	US \$	US \$
<b>Due to a related party:</b>		
<b>Unsecured Loan:</b>		
Sharda Cropchem Limited Loan	-	6,45,883
Sharda International DMCC Loan	6,18,963	8,64,108
<b>Interest Paid/Payable on Loan taken:</b>		
Interest on Sharda International DMCC Loan	52,322	20,034
Interest on Sharda Cropchem Limited Loan	21,110	42,487
<b>Purchase of goods:</b>		
Purchase from Sharda International DMCC	21,56,068	10,25,737
Purchase from Sharda Cropchem Limited	62,51,033	10,79,785
<b>Creditors for goods:</b>		
Sharda Cropchem Limited	37,71,922	10,75,991
Sharda International DMCC	25,78,701	19,25,444

## 18 Financial instruments: Credit, interest rate, liquidity and exchange rate risk exposures

### Credit risk (As per the management)

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

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

There is no significant concentration of credit risk from trade receivables within Mexico, outside Mexico and outside the industry in which the company operates.

### Liquidity risk

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

Non-derivative financial liabilities	01/04/2014 to 31/03/2015			01/01/2013 to 31/03/2014		
	Carrying	Payable within next 12 months	Payable after 12 months	Carrying	Payable within next 12 months	Payable after 12 months
	US \$	US \$	US \$	US \$	US \$	US \$
<b>Trade and other payables:</b>						
Trade payables	66,59,181	66,59,181	-	51,28,165	51,28,165	-
Other payables	-	-	-	57,079	57,079	-

### Exchange rate risk

Except for the following assets and liabilities, which is denominated in foreign currencies, there is no significant exchange rate risk as substantially all financial assets and financial liabilities are denominated in MXN

Particulars	01/04/2014 to 31/03/2015	01/01/2013 to 31/03/2014
<b>Trade receivables</b>		
USD	30,29,284	39,91,502
<b>Bank balances</b>		
USD	91,724	2,59,829
<b>Trade payables</b>		
USD	66,59,181	51,28,165

## 19 Contingent Liability

There was no contingent liability of a significant amount at the balance sheet date.

## 20 The previous year figures are not comparable as the financials were prepared for the period the period 01/01/2013 to 31/03/2014 i.e. 15 months



SHARDA DE MEXICO S. DE RL DE CV

Statement of Changes in Equity  
for the period ended 31st March, 2015

<i>Particulars</i>	<i>Share Capital</i>	<i>Accumulated profits/(loss)</i>	<i>Total</i>
	<u>US \$</u>	<u>US \$</u>	<u>US \$</u>
As at 31st March, 2014	221	(820,929)	(820,708)
<b>Adjustments</b>			
Net profit for the period	-	(507,428)	(507,428)
Foreign Currency Translation Reserve	-	600,102	600,102
<b>As at 31st March, 2015</b>	<u>221</u>	<u>(728,255)</u>	<u>(728,034)</u>

The shareholders as on 31/03/2015 and their interest as of that date in share capital of the company is as follows :

<b>Name</b>	<b>Country of Incorporation</b>	<b>No of shares</b>	<b>MXN</b>	<b>US \$</b>
M/S Siddhivinayak International Ltd.	United Arab Emirates	1	2,970.00	219
Mr.Manish Bubna	N.A.	1	30.00	2
<b>TOTAL</b>		<b>2</b>	<b>3,000.00</b>	<b>221</b>

The accompanying notes 1 to 16 form an integral part of these financial statements.