

**2ND ANNUAL REPORT
2018-19**

SUDARSHAN MEXICO S. DE R.L. DE CV

**2ND ANNUAL REPORT
2018-19**

**SUDARSHAN MEXICO S. DE R.L. DE CV
FINANCIAL IN INR**

SUDARSHAN MEXICO S de R. L.de CV

DIRECTORS' REPORT TO SHAREHOLDERS: 2018-2019

Your Directors present the second Annual Report of the Company together with Audited Accounts for the year ended 31st March 2019.

1. OPERATIONS:

Revenue from Operations during the period 1st April, 2018 to 31st March, 2019 aggregated to Rs.24.62 Crores as compared to Rs 13.38 Crores achieved during the pervious year,thereby recording growth of 84.07% since it is the second year of operation. The company recorded a profit before tax during the year of Rs. 62.23 Lacs for the period under report as against Loss Rs 18.25 Lacs recorded during the previous Year, the Company did well during the current Financial Year.

2. AUDIT:

In order to comply with the requirements of consolidation of the financial statements with the accounts of the holding Company i.e. Sudarshan Chemical Industries Limited, the financial statements of the Company have been audited in compliance with Generally Accepted Accounting Practices in India.

3. APPRECIATION:

The Directors acknowledge with thanks the co-operation and the assistance given by Sudarshan Chemical Industries Limited, India, Sudarshan Europe B.V., The Netherlands, and employees of the Company.

By order of the Board of Directors
For SUDARSHAN MEXICO S de R. L.de CV

DIRECTOR

Pune, India

Date 20th May 2019

SUDARSHAN MEXICO S. DE. R.L. DE. C.V.
BALANCE SHEET AS AT MARCH 31, 2019

(All amount in INR unless otherwise stated)

| Particulars | Notes | As at March 31, 2019 | As at March 31, 2018 |
|-------------------------------------|-------|-------------------------|-------------------------|
| ASSETS | | | |
| I. NON CURRENT ASSETS | | | |
| (a) Property, plant and equipment | 3 | 139,954 | 194,378 |
| (c) Current tax assets (net) | | 260,990 | 244,304 |
| | | 400,944 | 438,682 |
| II. CURRENT ASSETS | | | |
| (a) Inventories | 4 | 83,057,893 | 66,969,063 |
| (b) Financial assets | | | |
| (i) Trade receivables | 5 | 55,451,780 | 29,939,077 |
| (ii) Cash and cash equivalents | 6 | 7,194,781 | 10,961,220 |
| (d) Other current assets | 7 | 429,392 | 242,351 |
| | | 146,133,846 | 108,111,712 |
| Total Assets | | 146,534,790 | 108,550,394 |
| EQUITY AND LIABILITIES | | | |
| EQUITY | | | |
| (a) Share capital | 8 | 10,286 | 10,286 |
| (b) Other equity | 9 | 4,122,409 | (1,970,818) |
| | | 4,132,695 | (1,960,532) |
| LIABILITIES | | | |
| II. Current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 10 | - | 12,555,566 |
| (ii) Trade Payable | 11 | 141,140,757 | 99,369,107 |
| (iii) Other financial liabilities | 12 | 1,178,385 | (1,420,780) |
| (b) Other current liabilities | 13 | 82,953 | 7,033 |
| | | 142,402,095 | 110,510,926 |
| Total Equity and Liabilities | | 146,534,790 | 108,550,394 |

The accompanying notes form an integral part of The Financial Statements.

MR. RAJESH RATHI
CHAIRMAN AND DIRECTOR

MR. JOVANY LOPEZ
DIRECTOR

MR. VIVEK V. THAKUR
GENERAL MANAGER
FINANCE AND ACCOUNTS

PUNE, MAY 20 2019

SUDARSHAN MEXICO S. DE. R.L. DE. C.V.
STATEMENT OF PROFIT AND LOSS FOR THE
YEAR ENDED MARCH 31, 2019

(All amount in INR unless otherwise stated)

| Particulars | Notes | Year ended 31st March 2019 | Year ended 31st March 2018 |
|---|-------|-------------------------------|-------------------------------|
| Income | | | |
| Revenue from operations | 14 | 246,281,118 | 133,796,034 |
| Other income | 15 | (2,079,751) | (819,170) |
| Total Income (I) | | 244,201,367 | 132,976,864 |
| Expenses | | | |
| Cost of raw materials and components consumed | 16 | 230,900,480 | 181,763,461 |
| (Increase) / decrease in inventories of finished goods, work-in-progress and traded goods | 17 | (16,088,830) | (66,969,064) |
| Employee benefits expense | 18 | 11,913,464 | 12,948,103 |
| Finance cost | 19 | 658,926 | 463,972 |
| Depreciation and amortisation expense | 20 | 69,483 | 55,097 |
| Other Expenses | 21 | 10,524,532 | 6,540,653 |
| Total expenses (II) | | 237,978,055 | 134,802,222 |
| Profit/ (loss) before exceptional items and tax | | 6,223,312 | (1,825,358) |
| Exceptional items | | | |
| Profit/ (loss) before tax | | 6,223,312 | (1,825,358) |
| Tax expense | | | |
| Current tax | | 893,894 | - |
| Total tax expense | | 893,894 | - |
| Profit / (Loss) for the period | | 5,329,418 | (1,825,358) |
| Other comprehensive income | | | |
| Foreign Currency Translation Reserve | | 763,810 | (145,460) |
| Total comprehensive income for the year, net of tax | | 6,093,227 | (1,970,819) |
| Summary of significant accounting policies | | | |

The accompanying notes form an integral part of The Financial Statements.

MR. RAJESH RATHI
CHAIRMAN AND DIRECTOR

MR. JOVANY LOPEZ
DIRECTOR

MR. VIVEK V. THAKUR
GENERAL MANAGER
FINANCE AND ACCOUNTS

PUNE , MAY 20 2019

SUDARSHAN MEXICO S. DE. R.L. DE. C.V.
BALANCE SHEET AS AT MARCH 31, 2019

(All amount in INR unless otherwise stated)

| Particulars | Notes | As at March 31, 2019 | As at March 31, 2018 |
|-------------------------------------|-------|-------------------------|-------------------------|
| ASSETS | | | |
| I. NON CURRENT ASSETS | | | |
| (a) Property, plant and equipment | 3 | 139,954 | 194,378 |
| (c) Current tax assets (net) | | 260,990 | 244,304 |
| | | 400,944 | 438,682 |
| II. CURRENT ASSETS | | | |
| (a) Inventories | 4 | 83,057,893 | 66,969,063 |
| (b) Financial assets | | | |
| (i) Trade receivables | 5 | 55,451,780 | 29,939,077 |
| (ii) Cash and cash equivalents | 6 | 7,194,781 | 10,961,220 |
| (d) Other current assets | 7 | 429,392 | 242,351 |
| | | 146,133,846 | 108,111,712 |
| Total Assets | | 146,534,790 | 108,550,394 |
| EQUITY AND LIABILITIES | | | |
| EQUITY | | | |
| (a) Share capital | 8 | 10,286 | 10,286 |
| (b) Other equity | 9 | 4,122,409 | (1,970,818) |
| | | 4,132,695 | (1,960,532) |
| LIABILITIES | | | |
| II. Current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 10 | - | 12,555,566 |
| (ii) Trade Payable | 11 | 141,140,757 | 99,369,107 |
| (iii) Other financial liabilities | 12 | 1,178,385 | (1,420,780) |
| (b) Other current liabilities | 13 | 82,953 | 7,033 |
| | | 142,402,095 | 110,510,926 |
| Total Equity and Liabilities | | 146,534,790 | 108,550,394 |

The accompanying notes form an integral part of The Financial Statements.

MR. RAJESH RATHI
 CHAIRMAN AND DIRECTOR

MR. JOVANY LOPEZ
 DIRECTOR

MR. VIVEK V. THAKUR
 GENERAL MANAGER
 FINANCE AND ACCOUNTS

PUNE , MAY 20 2019

SUDARSHAN MEXICO S. DE. R.L. DE. C.V.
STATEMENT OF PROFIT AND LOSS FOR THE
YEAR ENDED MARCH 31, 2019

(All amount in INR unless otherwise stated)

| Particulars | Notes | Year ended 31st March 2019 | Year ended 31st March 2018 |
|---|-------|-------------------------------|-------------------------------|
| Income | | | |
| Revenue from operations | 14 | 246,281,118 | 133,796,034 |
| Other income | 15 | (2,079,751) | (819,170) |
| Total Income (I) | | 244,201,367 | 132,976,864 |
| Expenses | | | |
| Cost of raw materials and components consumed | 16 | 230,900,480 | 181,763,461 |
| (Increase) / decrease in inventories of finished goods, work-in-progress and traded goods | 17 | (16,088,830) | (66,969,064) |
| Employee benefits expense | 18 | 11,913,464 | 12,948,103 |
| Finance cost | 19 | 658,926 | 463,972 |
| Depreciation and amortisation expense | 20 | 69,483 | 55,097 |
| Other Expenses | 21 | 10,524,532 | 6,540,653 |
| Total expenses (II) | | 237,978,055 | 134,802,222 |
| Profit/ (loss) before exceptional items and tax | | 6,223,312 | (1,825,358) |
| Exceptional items | | | |
| Profit/ (loss) before tax | | 6,223,312 | (1,825,358) |
| Tax expense | | | |
| Current tax | | 893,894 | - |
| Total tax expense | | 893,894 | - |
| Profit / (Loss) for the period | | 5,329,418 | (1,825,358) |
| Other comprehensive income | | | |
| Foreign Currency Translation Reserve | | 763,810 | (145,460) |
| Total comprehensive income for the year, net of tax | | 6,093,227 | (1,970,819) |
| Summary of significant accounting policies | | | |

The accompanying notes form an integral part of The Financial Statements.

MR. RAJESH RATHI
CHAIRMAN AND DIRECTOR

MR. JOVANY LOPEZ
DIRECTOR

MR. VIVEK V. THAKUR
GENERAL MANAGER
FINANCE AND ACCOUNTS

PUNE , MAY 20 2019

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2019

1. Background:

Sudarshan México S. de R.L. de CV ("the Company") is a Company domiciled in The Mexico. It is Step down subsidiary of Sudarshan Chemical Industries Limited. The Company is engaged in trading of Pigments. The registered office of the Company is located at Av Chalma s/n Oficina B-13, Jardines de la Hacienda Sur, Cuautitlan Izcalli, Edo. de Mexico 54720.

The Financial Statement of the company for the year ended 31st March 2019, were authorised for issue in accordance with resolution of the Board of Directors on 20th May 2019

2. Summary of significant accounting policies and Key accounting estimates and judgments:

2.1 Basis of preparation:

(i) Statement of Compliance:

These standalone Financial Statements have been prepared in accordance with Ind AS as notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of the Companies Act, 2013 (the "Act") and other relevant provisions of the act. the holding company is required to present its accounts under Ind AS thus the Financial statement have been prepared in Ind AS

(ii) Historical cost convention:

The Standalone Financial Statements have been prepared on the historical cost basis except for the following items.

| Items | Measurement basis |
|---|-------------------|
| (a) Certain financial assets and liabilities (Including derivatives instruments) | Fair value |

(iii) Current versus non-current classification:

All assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and services and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current non-current classification of assets and liabilities.

2.2 Key Accounting Estimates and Judgments:

The preparation of financial statements in conformity with Ind AS 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 recognised in the period in which the estimates are revised and in any future periods affected.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2019

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in following notes:

(a) Useful life of depreciable assets:

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of assets including Intangible Assets.

(b) Recognition of deferred tax assets:

The extent to which deferred tax assets can be recognized is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry forwards can be utilized. In addition, careful judgment is exercised in assessing the impact of any legal or economic limits or uncertainties in various tax issues.

(c) Impairment of non-financial assets:

In assessing impairment, management has estimated economic usefulness of the assets, the recoverable amount of each asset or cash-generating units based on expected future cash flows and use of an interest rate to discount them. Estimation of uncertainty relates to assumptions about economically future operating cash flows and the determination of a suitable discount rate.

(d) Impairment of trade receivables:

The Company estimates the uncollectability of accounts receivable by analyzing historical payment patterns, customer concentrations, customer credit-worthiness and current economic trends. If the financial condition of a customer deteriorates, additional allowances may be required.

2.3 Significant accounting policies:

(i) Foreign Currency Translation:

(a) Functional and Presentation Currency:

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'), which is USD. The Financial Statements are presented in Indian Rupee (INR), which is the Group Company's presentation currency.

(b) Transactions and balances:

(1) Transactions in foreign currency are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in the Statement of Profit and Loss and reported within foreign exchange gains / (losses).

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED
31st MARCH, 2019**

(2) A monetary item for which settlement is neither planned nor likely to occur in the foreseeable future is considered as a part of the entity's net investment in that foreign operation.

(3) Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the Statement of Profit and Loss, within finance costs.

(4) Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in Other comprehensive income or profit or loss are also recognised in Other comprehensive income or profit or loss, respectively).

(c) Foreign Currency Translation Reserve:

For the preparation of the Standalone Financial Statements, assets and liabilities of operations, together with goodwill and fair value adjustments assumed on acquisition thereof, are translated to Indian Rupees at exchange rates prevailing at the reporting period end; income and expense items are translated at the average exchange rates prevailing during the period; when exchange rates fluctuate significantly the rates prevailing on the transaction date are used instead. Differences arising on such translation are accumulated in foreign currency translation reserve.

(ii) Property, Plant and Equipment:

(a) Recognition and measurement:

Items of property, plant and equipment are stated at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labour, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED
31st MARCH, 2019**

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

(b) Subsequent expenditure:

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(c) Depreciation:

(1) Depreciation on tangible assets is provided on the straight-line method on pro-rata basis, over the useful lives of assets as prescribed in Schedule - II of the Companies Act, 2013. Which is applicable to the Holding Company

(2) Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(iii) Inventories:

Inventories are valued at lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to make the sale.

(a) Traded goods:

Traded goods are valued at lower of cost and net realizable value. Cost included cost of purchase and other costs incurred in bringing the inventories to present location and condition. Cost is determined on weighted average basis.

(iv) Cash and Cash Equivalents:

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

(v) Financial Instruments

(a) Financial Assets:

(1) Initial recognition:

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial assets.

(2) Subsequent measurement:

For purposes of subsequent measurement, financial assets are classified in three categories:

- **Financial assets at amortised cost:** A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED
31st MARCH, 2019**

rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

- **Financial assets at fair value through other comprehensive income (FVTOCI):** A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Further, in cases where the Company has made an irrevocable election based on its business model, for its investments which are classified as equity instruments, the subsequent changes in fair value are recognized in other comprehensive income.

- **Financial assets at fair value through profit or loss (FVTPL):** A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

(3) Trade receivables and loans:

Trade receivables are initially recognised at fair value. Subsequently, these assets are held at amortised cost, using the effective interest rate (EIR) method net of any expected credit losses. The EIR is the rate that discounts estimated future cash income through the expected life of financial instrument.

(b) Financial Liabilities:

(1) Initial recognition and measurement:

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings and derivative financial instruments.

(2) Subsequent measurement:

Financial liabilities are subsequently measured at amortised cost using the EIR method. Financial liabilities carried at fair value through profit or loss is measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss.

(3) Derecognition:

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED
31st MARCH, 2019**

(a) Offsetting of financial instruments:

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(b) Financial guarantee contracts:

Financial guarantee contracts issued by the Company are those contracts that require specified payments to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee.

Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind-AS 109 and the amount recognised less cumulative amortisation.

Where guarantees in relation to loans or other payables of subsidiaries are provided for no compensation, the fair values are accounted for as contributions and recognised as fees receivable under "other financial assets" or as a part of the cost of the investment, depending on the contractual terms.

(vi) Provisions and Contingent Liabilities:

(a) Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a 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.

(b) Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date. If the effect of the time value of money is material, provisions are discounted to reflect its present value using a current pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(c) Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED
31st MARCH, 2019**

(vii) Revenue Recognition:

(a) Sale of goods:

(1) Revenue from the sale of goods in the course of ordinary activities is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing effective control over, or managerial involvement with, the goods, and the amount of revenue can be measured reliably. The timing of transfers of risks and rewards varies depending on the individual terms of sale.

(2) Revenue is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. This inter alia involves discounting of the consideration due to the present value if payment extends beyond normal credit terms.

(b) Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

(c) Income from export incentives such as duty drawback's are accrued upon completion of export when there is a reasonable certainty of fulfilment of obligations as stipulated under respective export promotion schemes.

(viii) Employee Benefits:

(a) Short-Term Employee Benefits:

The distinction between short-term and long-term employee benefits is based on expected timing of settlement rather than the employee's entitlement benefits. All employee benefits payable within twelve months of rendering the service are classified as short-term benefits. Such benefits include salaries, wages, bonus, short-term compensated absences, awards, ex-gratia, performance pay etc. and are recognised in the period in which the employee renders the related service. A liability is recognised for the amount expected to be paid e.g., under short-term cash bonus, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

(ix) Borrowing Costs:

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

Interest income or expense is recognised using the effective interest method.

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED
31st MARCH, 2019**

(x) Taxation:

Income tax expense for the year comprises current and deferred tax. It is recognised in the Statement of Profit and Loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in Other Comprehensive Income.

(a) Current Tax:

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

(b) Deferred Tax:

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for:

- (1) temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- (2) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (3) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

(xi) Impairment of Non-financial Assets :

Assessment for impairment is done at each Balance Sheet date as to whether there is any indication that a non-financial asset may be impaired. Indefinite life intangibles are subject to a review for impairment annually or more frequently if events or circumstances indicate that it is necessary. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED
31st MARCH, 2019**

the cash inflows from other assets or groups of assets is considered as a cash generating unit. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units. If any indication of impairment exists, an estimate of the recoverable amount of the individual asset / cash generating unit is made. Asset / cash generating unit whose carrying value exceeds their recoverable amount are written down to the recoverable amount by recognising the impairment.

(xii) Leases:

(a) Leases in which a substantial portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments and receipts under such leases are recognised to the Statement of Profit and Loss on a straight-line basis over the term of the lease unless the lease payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, in which case the same are recognised as an expense in line with the contractual term.

(b) Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership to the lessee.

(xiii) Earnings Per Share:

(a) Basic earnings per share is computed by dividing the net profit for the period attributable to the equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

(b) For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

(xiv) Rounding of amounts:

All amounts disclosed in the financial statements and notes have been rounded off to nearest lakhs as per the requirement of Schedule III, unless otherwise stated.

SUDARSHAN MEXICO S. DE. R.L. DE. C.V.
SCHEDULES FORMING PART OF THE BALANCE SHEET
SCHEDULE - 3 : Fixed Assets

(All amount in INR unless otherwise stated)

| DESCRIPTION | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK |
|----------------------------|----------------------|-------------------|-------------------|-----------------------|----------------------|----------------------|-------------------|-----------------------|-----------------------|
| | As at 1st April 2018 | ADDITIONS 2017-18 | Reinstated Amount | As at 31st March 2019 | As at 1st April 2018 | For the Year 2018-19 | Reinstated Amount | As at 31st March 2019 | As at 31st March 2019 |
| FURNITURE & FIXTURES | 45,002 | - | 3,311.66 | 48,314 | 4,276 | 4,642 | 264 | 9,181 | 39,133 |
| OFFICE EQUIPMENTS | 41,264 | - | 3,036.52 | 44,300 | 7,313 | 8,496 | 456 | 16,265 | 28,035 |
| DATA PROCESSING EQUIPMENTS | 163,899 | - | 12,061.06 | 175,960 | 44,198 | 56,346 | 2,630 | 103,174 | 72,786 |
| TOTAL | 250,165 | - | - | 268,574 | 55,787 | 69,483 | 3,350 | 128,620 | 139,954 |

SUDARSHAN MEXICO S. DE. R.L. DE. C.V.
SCHEDULES FORMING PART OF THE BALANCE SHEET
SCHEDULE - 3 : Fixed Assets

(All amount in INR unless otherwise stated)

| | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK |
|----------------------------|----------------------|-------------------|-------------------|-----------------------|----------------------|----------------------|-------------------|-----------------------|-----------------------|
| | BALANCE | | | | BALANCE | | | | BALANCE |
| | As at 1st April 2017 | ADDITIONS 2017-18 | Reinstated Amount | As at 31st March 2018 | As at 1st April 2017 | For the Year 2017-18 | Reinstated Amount | As at 31st March 2018 | As at 31st March 2018 |
| FURNITURE & FIXTURES | - | 45,002.42 | - | 45,002 | - | 4,276 | - | 4,276 | 40,727 |
| OFFICE EQUIPMENTS | - | 41,263.55 | - | 41,264 | - | 7,313 | - | 7,313 | 33,951 |
| DATA PROCESSING EQUIPMENTS | - | 163,898.97 | - | 163,899 | - | 43,509 | 689 | 44,198 | 119,701 |
| TOTAL | - | - | - | 250,165 | - | 55,098 | 689 | 55,787 | 194,378 |

SUDARSHAN MEXICO S. DE. R.L. DE. C.V.
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(All amount in INR unless otherwise stated)

| Note No. | Particulars | As at March 31, 2019 | As at March 31, 2018 |
|----------|---|-------------------------|-------------------------|
| 4 | INVENTORIES Finished Goods | 83,057,893 | 66,969,063 |
| | | 83,057,893 | 66,969,063 |
| 5 | TRADE RECEIVABLES Unsecured considered good : (i) Outstanding for a period exceeding six months from the due date (Considered good) (ii) Others Considered good | 55,451,780 | 29,939,077 |
| | | 55,451,780 | 29,939,077 |
| 6 | CASH AND CASH EQUIVALENTS (a) Balances with banks In Current Accounts | 7,194,781 | 10,961,220 |
| | | 7,194,781 | 10,961,220 |
| 7 | OTHER CURRENT ASSETS Deposits | 429,392 | 242,351 |
| | | 429,392 | 242,351 |
| 8 | SHARE CAPITAL AUTHORISED : 3000 Peso ISSUED : 3000 Peso SUBSCRIBED AND PAID UP : 3000 Peso | 10,286 | 10,286 |
| | | 10,286 | 10,286 |
| | | 10,286 | 10,286 |
| | | 10,286 | 10,286 |
| | a) Reconciliation of the shares outstanding at the beginning and at the end of the year : | | |
| 10 | FINANCIAL LIABILITIES - SHORT TERM BORROWINGS Loan from Group Companies | - | 12,555,566 |
| | | - | 12,555,566 |
| 11 | TRADE PAYABLE Other Payables | 141,140,757 | 99,369,107 |
| | | 141,140,757 | 99,369,107 |
| 12 | OTHER CURRENT FINANCIAL LIABILITIES Statutory Payments Salary Payable | 1,184,453 (6,069) | (1,420,780) - |
| | | 1,178,385 | (1,420,780) |
| 13 | OTHER CURRENT LIABILITIES Other Liabilities Debtors Credit Balances | 82,953 - | 7,033 - |
| | | 82,953 | 7,033 |

SUDARSHAN MEXICO S. DE. R.L. DE. C.V.
Statement of changes in Equity for the period ended March 31, 2019

9 Other Equity

(All amount in INR unless otherwise stated)

| Particulars | Reserves and Surplus | | | Total |
|-------------------------------------|----------------------------|--------------------------------------|-------------------------|-------------|
| | Capital Redemption Reserve | Foreign Currency Translation Reserve | Profit and Loss Account | |
| Balance as at March 31, 2017 | - | - | - | - |
| Profit for the period | - | - | (1,825,358) | (1,825,358) |
| Transfers | - | - | - | - |
| Other Comprehensive Income | - | (145,460) | - | (145,460) |
| Total Comprehensive income | - | (145,460) | (1,825,358) | (1,970,818) |
| Balance as at March 31, 2018 | - | -145,460 | -1,825,358 | -1,970,818 |
| Profit for the period | - | - | 5,329,418 | 5,329,418 |
| Transfers | - | - | - | - |
| Other Comprehensive Income | - | 763,810 | - | 763,810 |
| Total Comprehensive income | - | 763,810 | 5,329,418 | 6,093,227 |
| Balance as at March 31, 2019 | - | 618,349 | 3,504,059 | 4,122,409 |

The accompanying notes form an integral part of The Financial Statements.

MR. RAJESH RATHI
CHAIRMAN AND DIRECTOR

MR. JOVANY LOPEZ
DIRECTOR

MR. VIVEK V. THAKUR
GENERAL MANAGER
FINANCE AND ACCOUNTS

PUNE , MAY 20 2019

SUDARSHAN MEXICO S. DE. R.L. DE. C.V.
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(All amount in INR unless otherwise stated)

| Note No. | Particulars | Year ended 31st March 2019 | Year ended 31st March 2018 |
|-----------|---|-------------------------------|-------------------------------|
| 14 | REVENUE FROM OPERATIONS | | |
| | Sale of Products | 246,281,118 | 133,796,034 |
| | | 246,281,118 | 133,796,034 |
| 15 | OTHER INCOME | | |
| | Foreign Exchange Difference (net) | (2,079,751) | (819,170) |
| | | (2,079,751) | (819,170) |
| 16 | PURCHASE OF STOCK IN TRADE | | |
| | PURCHASE OF STOCK IN TRADE | 230,900,480 | 181,763,461 |
| 17 | CHANGE IN INVENTORY OF STOCK IN TRADE | | |
| | Finished Products | 66,969,063 | - |
| | Less: | 66,969,063 | - |
| | Finished Products | 83,057,893 | 66,969,063 |
| | | 83,057,893 | 66,969,063 |
| | | (16,088,830) | (66,969,064) |
| 18 | EMPLOYEE BENEFIT EXPENSES | | |
| | Salary, Wages and Bonus | 11,127,120 | 12,274,410 |
| | Contribution to Provident and Other Funds | 786,345 | 673,693 |
| | | 11,913,464 | 12,948,103 |
| 19 | FINANCE COSTS | | |
| | Interest others | 658,926 | 463,972 |
| | | 658,926 | 463,972 |
| 20 | DEPRECIATION AND AMORTISATION EXPENSES | | |
| | Depreciation | 69,483 | 55,097 |
| | | 69,483 | 55,097 |
| 21 | OTHER EXPENSES | | |
| | Advertisement | 448,152 | 49,089 |
| | Bank Charges | 202,406 | 272,310 |
| | Travelling and Conveyance | 2,473,323 | 2,134,313 |
| | Commission to Selling Agents | 375,323 | - |
| | Freight/ Forwarding Expenses | 1,850,276 | 782,949 |
| | Legal and Professional Expenses | 2,131,025 | 1,958,429 |
| | Printing, Stationery and Communication Expenses | 214,553 | 197,692 |
| | Rent | 2,750,774 | 1,076,641 |
| | Other Discounts | 39 | 3,579 |
| | Misc Expenses - Misc Expenses | 78,660 | 65,651 |
| | | 10,524,532 | 6,540,653 |

**2ND ANNUAL REPORT
2018-19**

**SUDARSHAN MEXICO S. DE R.L. DE CV
FINANCIAL IN USD**

SUDARSHAN MEXICO S. DE R.L. DE C.V.
BAHLANCE SHEET AS AT 31ST MARCH, 2019

(All amount in USD unless otherwise stated)

| Particulars | Schedule No. | As at 31st March 2019 | As at 31st March, 2018 |
|---|--------------|-----------------------|------------------------|
| I. SOURCES OF FUNDS : | | | |
| (1) Shareholders' Funds | | | |
| (a) Share Capital | 3 | 160 | 160 |
| | | 160 | 160 |
| (2) Loan Funds | | | |
| (a) Unsecured Loans | 4 | - | 194,871 |
| | | - | 194,871 |
| | Total : | 160 | 195,031 |
| II. APPLICATION OF FUNDS : | | | |
| (1) Fixed Assets | | | |
| Gross Block | 5 | 3,883 | 3,876 |
| Less : Depreciation | | 1,858 | 866 |
| Net Block | | 2,025 | 3,010 |
| (2) Current Assets, Loans and Advances | | | |
| (a) Stock-in-trade | 6 | 1,200,757 | 1,039,408 |
| (b) Sundry Debtors | | 798,080 | 464,676 |
| (c) Cash and Bank Balances | | 120,515 | 170,126 |
| (d) Other Current Assets | | 6,208 | 3,761 |
| | | 2,125,560 | 1,677,971 |
| Less : Current Liabilities | 7 | 2,069,390 | 1,518,284 |
| | | 2,069,390 | 1,518,284 |
| Net Current Assets | | 56,170 | 159,687 |
| PROFIT AND LOSS ACCOUNT | | (58,035) | 32,334 |
| | Total : | 160 | 195,031 |

MR. RAJESH RATHI
CHAIRMAN AND DIRECTOR

MR. JOVANY LOPEZ
DIRECTOR

MR. VIVEK V. THAKUR
GENERAL MANAGER FINANCE AND ACCOUNTS

SUDARSHAN MEXICO S. DE R.L. DE C.V.
PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDING ON 31ST MARCH 2019
 (All amount in USD unless otherwise stated)

| Particulars | Schedule No. | Year ended 31st March, 2019 | Year ended 31st March, 2018 |
|---|--------------|--------------------------------|--------------------------------|
| INCOME : | | | |
| Income from Operations | 8 | 3,532,405 | 2,086,833 |
| | | 3,532,405 | 2,086,833 |
| EXPENDITURE : | | | |
| Cost of Goods Traded | 9 | 3,087,280 | 1,790,664 |
| Administrative and Selling Expenses | 10 | 331,418 | 316,603 |
| Finance cost | 11 | 9,423 | 7,243 |
| Depreciation | | 992 | 866 |
| | | 3,429,113 | 2,115,375 |
| Profit/(Loss) before tax for the period | | 103,292 | (28,542) |
| Less : Tax Provision | | 12,923 | 3,792 |
| Profit/(Loss) for the period | | 90,369 | (32,334) |
| <i>Add</i> : Loss brought forward | | (32,334) | 0 |
| Profit for the period carried to Balance Sheet | | 58,035 | (32,334) |

MR. RAJESH RATHI
 CHAIRMAN AND DIRECTOR

MR. JOVANY LOPEZ
 DIRECTOR

MR. VIVEK V. THAKUR
 GENERAL MANAGER FINANCE AND ACCOUNTS

PUNE , MAY 20 2019

SUDARSHAN MEXICO S. DE R.L. DE C.V.
SCHEDULES FORMING PART OF THE BALANCE SHEET

(All amount in USD unless otherwise stated)

| Particulars | As at 31st March 2019 | As at 31st March, 2018 |
|---|--------------------------|---------------------------|
| SCHEDULE - 3 : SHARE CAPITAL | | |
| AUTHORISED : | | |
| Peso 3000 | 160 | 160 |
| ISSUED, SUBSCRIBED AND PAID UP : | | |
| Equity Shares capital (See Note below) | 160 | 160 |
| Total: | 160 | 160 |

SUDARSHAN MEXICO S. DE R.L. DE C.V.
SCHEDULES FORMING PART OF BALANCE SHEET

(All amount in USD unless otherwise stated)

| Particulars | As at 31st March 2019 | As at 31st March, 2018 |
|---------------------------------------|--------------------------|---------------------------|
| SCHEDULE - 4 : UNSECURED LOANS | | |
| Unsecured loan from parent co. | - | 194,871 |
| Total: | - | 194,871 |
| | | |

SUDARSHAN MEXICO S. DE R.L. DE C.V.
SCHEDULES FORMING PART OF THE BALANCE SHEET
SCHEDULE - 5 : Fixed Assets

(All amount in USD unless otherwise stated)

| DESCRIPTION | GROSS BLOCK | | | DEPRECIATION | | | NET BLOCK |
|----------------------------|----------------------|-------------------|-----------------------|----------------------|----------------------|-----------------------|-----------------------|
| | As at 1st April 2018 | ADDITIONS 2017-18 | As at 31st March 2019 | As at 1st April 2018 | For the Year 2018-19 | As at 31st March 2019 | As at 31st March 2019 |
| | FURNITURE & FIXTURES | 698 | - | 698 | 66 | 66 | 132 |
| OFFICE EQUIPMENTS | 640 | - | 640 | 114 | 121 | 235 | 405 |
| DATA PROCESSING EQUIPMENTS | 2,544 | - | 2,544 | 686 | 805 | 1,491 | 1,053 |
| TOTAL | 3,883 | - | 3,883 | 866 | 992 | 1,858 | 2,025 |

SUDARSHAN MEXICO S. DE R.L. DE C.V.
SCHEDULES FORMING PART OF THE BALANCE SHEET
SCHEDULE - 5 : Fixed Assets

(All amount in USD unless otherwise stated)

| | GROSS BLOCK | | | DEPRECIATION | | | NET BLOCK |
|----------------------------|----------------------|-------------------|------------------------|----------------------|----------------------|------------------------|------------------------|
| | BALANCE | | | BALANCE | | | BALANCE |
| | As at 1st April 2017 | ADDITIONS 2017-18 | As at 31st March, 2018 | As at 1st April 2017 | For the Year 2017-18 | As at 31st March, 2018 | As at 31st March, 2018 |
| FURNITURE & FIXTURES | 1,101 | 0.00 | 1,101 | | 66 | 66 | 1,035 |
| OFFICE EQUIPMENTS | 2,613 | 0.00 | 2,613 | | 114 | 114 | 2,500 |
| DATA PROCESSING EQUIPMENTS | 161 | 0.00 | 161 | | 686 | 686 | 525 |
| TOTAL | 3,876 | | 3,876 | - | 866 | 866 | 3,010 |

SUDARSHAN MEXICO S. DE R.L. DE C.V.
SCHEDULES FORMING PART OF THE BALANCE SHEET

(All amount in USD unless otherwise stated)

| Particulars | As at 31st March 2019 | As at 31st March, 2018 |
|--|----------------------------------|-----------------------------------|
| SCHEDULE - 6 : CURRENT ASSETS, LOANS AND ADVANCES | | |
| CURRENT ASSETS : | | |
| Inventories | | |
| Stock-in-Trade | 1,200,757 | 1,039,408 |
| | 1,200,757 | 1,039,408 |
| Sundry Debtors - (Unsecured, considered good unless stated otherwise) | | |
| Debtors | 798,080 | 464,676 |
| | 798,080 | 464,676 |
| Cash and Bank Balances : | | |
| Balances with Banks : | | |
| In Current Account | 120,515 | 170,126 |
| | 120,515 | 170,126 |
| Other current Assets: | | |
| Deposit with others | 6,208 | 3,761 |
| | 6,208 | 3,761 |
| Total: | 2,125,560 | 1,677,971 |
| | | |
| | As at 31st March 2019 | As at 31st March, 2018 |
| SCHEDULE - 7 : CURRENT LIABILITIES AND PROVISIONS | | |
| CURRENT LIABILITIES : | | |
| Sundry Creditors | 1,962,070 | 1,485,736 |
| Other Liabilities | 107,320 | 32,548 |
| Total: | 2,069,390 | 1,518,284 |

SUDARSHAN MEXICO S. DE R.L. DE C.V.
SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

(All amount in USD unless otherwise stated)

| Particulars | Year ended 31st March, 2019 | Year ended 31st March, 2018 |
|---|--------------------------------|--------------------------------|
| SCHEDULE - 8 : INCOME FROM OPERATIONS AND OTHER INCOME | | |
| INCOME FROM OPERATIONS | | |
| Sales : | | |
| Gross Sales | 3,532,405 | 2,086,833 |
| Total: | 3,532,405 | 2,086,833 |
| | | |

SUDARSHAN MEXICO S. DE R.L. DE C.V.
SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT
 (All amount in USD unless otherwise stated)

| Particulars | Year ended 31st March, 2019 | Year ended 31st March, 2018 |
|--|--------------------------------|--------------------------------|
| SCHEDULE - 9 : COST OF GOODS TRADED | | |
| Opening Stock | 1,039,408 | 1,039,408 |
| Add : Purchases | 3,248,629 | 1,790,664 |
| | 4,288,037 | 2,830,072 |
| Less : Closing Stock | 1,200,757 | 1,039,408 |
| Cost of Goods Traded : | 3,087,280 | 1,790,664 |
| | | |

SUDARSHAN MEXICO S. DE R.L. DE C.V.
SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

(All amount in USD unless otherwise stated)

| Particulars | Year ended 31st March, 2019 | Year ended 31st March, 2018 |
|--|--------------------------------|--------------------------------|
| SCHEDULE - 10 : ADMINISTRATIVE AND SELLING EXPENSES | | |
| Payments to and Provisions for the Employees | | |
| Salaries | 158,423 | 191,852 |
| Contribution to Social Security Incl. Insurance | 11,269 | 10,490 |
| | 169,692 | 202,342 |
| Printing, Stationery and Communication Expenses | 3,089 | 3,109 |
| Travelling and Conveyance | 35,009 | 33,431 |
| Advertisement | 6,404 | 765 |
| Legal, Professional and Consultancy Charges | 30,507 | 30,488 |
| Freight and Forwarding | 26,240 | 12,189 |
| Warehouse Rent | 39,119 | 16,774 |
| Foreign exchange difference | 11,900 | 12,151 |
| Bank Charges | 2,891 | 4,263 |
| General Expenses | 1,140 | 1,031 |
| Selling and Distribution Expenses | 5,427 | 57 |
| Total: | 331,418 | 316,601 |

SUDARSHAN MEXICO S. DE R.L. DE C.V.
SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

(All amount in USD unless otherwise stated)

| Particulars | Year ended 31st March, 2019 | Year ended 31st March, 2018 |
|-------------------------------------|--------------------------------|--------------------------------|
| SCHEDULE - 11 : FINANCE COST | | |
| Interest : | | |
| On Unsecured Loans | 9,423 | 7,243 |
| Total: | 9,423 | 7,243 |
| | | |