11TH ANNUAL REPORT
2017-18

SUDARSHAN EUROPE B.V

SUDARSHAN EUROPE B.V. (a company incorporated in Netherlands)

BALANCE SHEET AS AT 31ST MARCH 2018

	Schedule No.	31-03-2018 Eur	31-03-2017 Eur
I. SOURCES OF FUNDS :			
(1) Shareholders' Funds			
(a) Share Capital	1	**2,810,000**	2,810,000
(b) Reserves and Surplus		**1,267,642**	690,390
		4,077,642	3,500,390
(2) Loan Funds			
(a) Unsecured Loans	2	**4,446,388**	2,827,056
		4,446,388	2,827,056
	Total :	**8,524,030**	6,327,446
II. APPLICATION OF FUNDS :			
(1) Fixed Assets	3		
Gross Block		**7,640**	7,640
Less : Depreciation		**3,849**	3,143
Net Block		**3,792**	4,498
(2) Investments	4	**2,968,207**	2,968,207
(3) Current Assets, Loans and Advances	5		
(a) Inventories		**5,613,858**	4,770,379
(b) Sundry Debtors		**5,225,388**	4,904,979
(c) Cash and Bank Balances		**41,304**	87,271
(d) Other Current Assets		**30,864**	90,065
(e) Loans and Advances		**157,141**	-
		11,068,555	9,852,694
Less : Current Liabilities	6	**5,516,524**	6,497,953
		5,516,524	6,497,953
Net Current Assets		**5,552,031**	3,354,741
	Total :	**8,524,030**	6,327,446
		0.0	**0.0**

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

RAHUL P. RATHI
Chairman And Representing
Sudarshan India

MILAN KRUMBE
Director

VINCENT BEMBARON
Director

RAJESH B. RATHI

VIVEK V. THAKUR
General Manager
Finance & Accounts

SUDARSHAN EUROPE B.V. (a company incorporated in Netherlands)

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDING ON 31ST MAR 2018

	Schedule	31-03-2018 Eur	31-03-2017 Eur
INCOME :	7		
Income from Operations		**27,417,179**	26,858,568
Other Income		**35,785**	6,657
		27,452,964	26,865,225
EXPENDITURE :			
Cost of Goods Traded	8	**24,407,671**	23,423,644
Administrative and Selling Expenses	9	**2,193,859**	2,430,724
Finance Cost	10	**88,436**	103,260
Depreciation		**1,054**	348
		26,691,020	25,957,976
Net Gain/(Loss) for the period (Before Tax)		761,944	907,249
Less : Tax Provision		**180,486**	**216,812**
Profit after tax for the period		**581,458**	**690,437**
Profit for the period carried to Balance Sheet		**581,458**	**690,437**

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SUDARSHAN EUROPE B.V.

SCHEDULES FORMING PART OF THE BALANCE SHEET

	31-03-2018 Eur	31-03-2017 Eur
SCHEDULE - 2 : RESERVES AND SURPLUS		
As per last Balance Sheet	686,183	(47)
	686,183	(47)
SURPLUS IN PROFIT AND LOSS ACCOUNT	581,458	690,437
TOTAL ..	1,267,642	690,390

SUDARSHAN EUROPE B.V.

SCHEDULES FORMING PART OF THE BALANCE SHEET

	31-03-2018 Eur	31-03-2017 Eur
SCHEDULE - 3 : UNSECURED LOANS		
HSBC Bank	4,446,388	2,319,910
Sudarshan Chemical Industries Ltd. (Holding Company)	-	507,146
	4,446,388	2,827,056

SUDARSHAN EUROPE B.V.

SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE - 4 : FIXED ASSETS

	GROSS BLOCK				DEPRECIATION				NET BLOCK	NET BLOCK
DESCRIPTION	BALANCE AS ON 01-04-2017 Eur	ADDITIONS Eur	DEDUCTIONS Eur	BALANCE AS ON 31-03-2018 Eur	BALANCE AS ON 01-04-2017 Eur	FOR THE PERIOD Eur	DEDUCTIONS Eur	BALANCE AS ON 31-03-2018 Eur	BALANCE AS ON 31-03-2018 Eur	BALANCE AS ON 31-03-2014 Eur
DATA PROCESSING EQUIPMENTS	3,087	4,553.88	-	7,640	2,795	1,054	-	3,849		
TOTAL	3,087	4,554	-	7,640	2,795	1,054	-	3,849		-
PREVIOUS YEAR	5,109	391	3,113	2,387	3,628	1,295	3,042	1,881	506	2,722

SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE - 3 : FIXED ASSETS

	GROSS BLOCK				DEPRECIATION				NET BLOCK	NET BLOCK
DESCRIPTION	BALANCE AS ON 01-04-2016 Eur	ADDITIONS Eur	DEDUCTIONS Eur	BALANCE AS ON 31-03-2017 Eur	BALANCE AS ON 01-04-2016 Eur	FOR THE PERIOD Eur	DEDUCTIONS Eur	BALANCE AS ON 31-03-2017 Eur	BALANCE AS ON 31-03-2017 Eur	BALANCE AS ON 31-03-2014 Eur
DATA PROCESSING EQUIPMENTS	3,087	4,553.88	-	7,640	2,795	348	-	3,143		
TOTAL	3,087	4,554	-	7,640	2,795	348	-	3,143		-
PREVIOUS YEAR	5,109	391	3,113	2,387	3,628	1,295	3,042	1,881	506	2,722

SUDARSHAN EUROPE B.V.

SCHEDULES FORMING PART OF THE BALANCE SHEET

	31-03-2018 Eur	31-03-2017 Eur
SCHEDULE - 5 : INVESTMENTS		
Investment in Subsidiary :		
50,005 Equity Shares of USD 0.01 each	2,968,207	2,968,207
TOTAL ..	2,968,207	2,968,207

SUDARSHAN EUROPE B.V.

SCHEDULES FORMING PART OF THE BALANCE SHEET

	31-03-2018 Eur	31-03-2017 Eur
SCHEDULE - 6 : CURRENT ASSETS, LOANS AND ADVANCES		
CURRENT ASSETS :		
Inventories		
Stock-in-Trade	5,613,858	4,770,379
	5,613,858	4,770,379
Sundry Debtors - (Unsocured, considered good unless stated otherwise)		
Debtors	5,293,000	4,987,185
Provision for Bad and Doubtful Debt	67,612	82,206
	5,225,388	4,904,979
Cash and Bank Balances :		
Balances with Banks :		
In Deposit Account	-	-
In Current Account	41,304	87,271
	41,304	87,271
Other Current Assets :		
Outstanding Income	-	-
Prepaid Expenses	24,568	123,401
Deposit with tax authorities	- 1,764	- 40,684
Deposit with others	4,348	7,348
Advance to Vendor	3,712	-
	30,864	90,065
	5,297,556	5,082,315
LOANS AND ADVANCES :		
UNSECURED LOAN TO Sudarshan North America	-	-
UNSECURED LOAN TO Sudarshan Mexico	157,141	-
	157,141	-
TOTAL ..	5,454,697	5,082,315

	31-03-2018 Eur	31-03-2017 Eur
SCHEDULE - 7 : CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES :		
Sundry Creditors	4,981,086	6,423,290
Other Liabilities	342,555	290,389
Advance from Customer	199,852	(284,888)
Income tax Provision	445,956	265,470
Less : Taxes paid	452,925	196,308
TOTAL ..	(6,969)	69,162
TOTAL ..	5,516,524	6,497,953

SUDARSHAN EUROPE B.V.

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

	31-03-2018 Eur	31-03-2017 Eur
SCHEDULE - 8 : INCOME FROM OPERATIONS AND OTHER INCOME		
INCOME FROM OPERATIONS		
Sales :		
Gross Sales	27,417,179	26,858,568
	27,417,179	26,858,568
OTHER INCOME		
Interest received	6,384	-
Foreign Exchange difference	-	-
Interest on Bank Deposits	-	-
Misc Income	4,633	6,657
Provision no more required	24,768	-
	35,785	6,657
TOTAL ..	27,452,964	26,865,225

SUDARSHAN EUROPE B.V.

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

	31-03-2018 Eur	31-03-2017 Eur
SCHEDULE - 8 : COST OF GOODS TRADED		
Opening Stock	4,770,379	5,260,470
Add : Purchases	25,251,150	22,933,553
	30,021,529	28,194,023
Less: Closing Stock	5,613,858	4,770,379
Cost of Goods Traded :	24,407,671	23,423,644

SUDARSHAN EUROPE B.V.

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

	31-03-2018 Eur	31-03-2017 Eur
SCHEDULE - 9 : COST OF GOODS TRADED		
Opening Stock	4,770,379	5,260,470
Add : Purchases	25,251,150	22,933,553
	30,021,529	28,194,023
Less: Closing Stock	5,613,858	4,770,379
Cost of Goods Traded :	24,407,671	23,423,644

SUDARSHAN EUROPE B.V.

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

	31-03-2018 Eur	31-03-2017 Eur
SCHEDULE - 10 : ADMINISTRATIVE AND SELLING EXPENSES		
Payments to and Provisions for the Employees		
Salaries	678,393	899,154
Contribution to Staff Pension, Social Security Insurance and other Funds	147,070	174,475
Employees Welfare Expenses	-	-
	825,463	1,073,629
Travelling and Conveyance	111,907	160,115
Vehicle Expenses	37,772	28,800
Advertisement	156,296	73,932
Legal, Professional and Consultancy Charges	352,533	328,811
Royalty Eckart	-	0
Audit Fees	4,908	4,997
Insurance	44,309	28,454
Rates & Taxes	0	4,273
Bank Charges	15,454	19,988
Rent	256,624	248,131
Freight & forwarding	232,758	250,646
General Expenses	17,328	22,563
Foreign Exchange difference	30,631.0	43,409
Selling and Distribution Expenses	-	-
Commission to Selling Agents	43,337	108,526
Discounts	54,365	34,126
Amount no longer recoverable written off	-	0
Provision for Doubt ful Debt	10,174	0
Income Tax		
Penalty	0	324
TOTAL ..	2,193,859	2,430,724

SUDARSHAN EUROPE B.V.

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

	31-03-2018 Eur	31-03-2017 Eur
SCHEDULE - 11 : FINANCE COST		
Interest :		
On Unsecured Loans	31,663	36,920
On HSBC Loan	56,773	66,340
TOTAL ..	88,436	103,260

SUDARSHAN EUROPE BV
BALANCE SHEET AS AT MARCH 31, 2018

Particulars	Notes	As at March 31, 2018 Rupees	As at March 31, 2017 Rupees	As at April 1, 2016 Rupees
ASSETS				
I. NON CURRENT ASSETS				
(a) Property, plant and equipment	3	302,524	19,984	47,437
(c) Investments	4	209,284,838	209,284,838	182,945,606
(c) Current tax assets (net)		(130,731)	(5,121,056)	(3,682,936)
		209,456,631	204,183,767	179,310,107
II.CURRENT ASSETS				
(a) Inventories	5	447,929,733	326,484,712	372,271,651
(b) Financial assets				
(i) Trade receivables	6	400,991,940	355,210,972	438,161,938
(ii) Cash and cash euivalents	7	3,242,477	5,972,794	6,059,041
(iii) Others	8	12,538,280	-	-
(d) Other current assets	9	3,407,830	9,699,730	6,942,147
		868,110,261	697,368,209	823,434,777
Total Assets		1,077,566,892	901,551,976	1,002,744,884
EQUITY AND LIABILITIES				
EQUITY				
(a) Share capital	10	190,897,415	190,897,415	190,897,415
(b) Other equity	11	99,294,469	28,953,122	3,201,800
		290,191,884	219,850,537	194,099,215
LIABILITIES				
II.Current liabilities				
(a) Financial liabilities				
(i) Borrowings	12	361,624,723	196,965,872	340,927,664
(ii) Trade Payable	13	421,530,564	455,967,853	457,657,152
(iii) Other financial liabilities	14	4,219,721	8,854,019	10,060,853
(b) Other current liabilities	15	-	19,913,696	-
		787,375,008	681,701,439	808,645,669
Total Equity and Liabilities		1,077,566,892	901,551,976	1,002,744,884

Summary of significant accounting policies 2

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

RAHUL P. RATHI
CHAIRMAN AND REPRESENTING
SUDARSHAN INDIA

MILAN KRUMBE
DIRECTOR

VINCENT BEMBARON
DIRECTOR

RAJESH B. RATHI

VIVEK V. THAKUR
GENERAL MANAGER
FINANCE AND ACCOUNT

SUDARSHAN EUROPE BV
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

Particulars	Notes	2017-18	2016-17	2015-16
Income				
Revenue from operations	15	2,046,172,697	1,957,631,715	1,935,539,470
Other income	16	220,305	(164,833)	1,664,784
Total Income (I)		**2,046,393,002**	**1,957,466,882**	**1,937,204,254**
Expenses				
Cost of raw materials and components consumed	17	1,944,773,685	1,660,817,208	1,712,768,107
(Increase) / decrease in inventories of finished goods, work-in-progress and traded goods	18	(121,445,021)	45,786,939	(21,398,313)
Excise duty collected on sales		-	-	-
Employee benefits expense	19	62,404,992	78,110,209	91,999,549
Finance cost	20	6,723,284	7,460,894	8,228,313
Depreciation and amortisation expense	21	80,488	25,043	41,430
Other Expenses	22	101,160,224	94,823,111	90,395,682
Total expenses (II)		**1,993,697,653**	**1,887,023,404**	**1,882,034,768**
Profit/ (loss) before exceptional items and tax		**52,695,349**	**70,443,479**	**55,169,486**
Exceptional items				
Profit/ (loss) before tax		**52,695,349**	**70,443,479**	**55,169,486**
Tax expense				
Current tax		13,449,507	15,252,052	3,682,936
Deferred tax		-	-	-
Total tax expense		**13,449,507**	**15,252,052**	**3,682,936**
Profit / (Loss) for the period		**39,245,842**	**55,191,426**	**51,486,550**
Other comprehensive income				
Foreign Currency Translation Reserve		31,095,505	(29,440,104)	(4,428,321)
		31,095,505	(29,440,104)	(4,428,321)
Total comprehensive income for the year, net of tax		**70,341,347**	**25,751,322**	**47,058,229**
Earning per equity share [nominal value per share Rs.2/				
Basic		0.57	0.80	0.74
Diluted				
Summary of significant accounting policies 2				

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

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CHAIRMAN AND REPRESENTING
SUDARSHAN, INDIA

MILAN KRUMBE
DIRECTOR

VINCENT BEMBARON
DIRECTOR

RAJESH B. RATHI

VIVEK V. THAKUR
GENERAL MANAGER
FINANCE AND ACCOUNT

SUDARSHAN EUROPE B.V.

DIRECTORS' REPORT TO SHAREHOLDERS: 2017-2018

Your Directors present the Eighth Annual Report of the Company together with Audited Accounts for the year ended 31st March, 2018.

1. OPERATIONS:

The Financial Year 2017-2018 happens to be the Eleventh year of operations of the Company. The Company was incorporated as a Private Limited Company under Dutch Laws in 2007 with the objective of serving as a marketing hub for the sale of Pigment Products manufactured by Sudarshan Chemical Industries Limited in Europe.

Revenue from Operations during the period 1st April 2017 to 31st March 2018 aggregated to Rs.204.64 Crores as compared to Rs. 195.74 Crores achieved during the previous year thereby recording a moderate growth of 4.5%. The Company recorded a profit during the year of Rs.5.27 crores for the period under report as against profit before tax of Rs.7.04 Crores recorded during the previous year. The Company should do well during the current Financial Year. The drop in profitability was mainly on account of increase in Cost of Goods Sold.

2. AUDIT:

Considering the operations of the Company, audit of the financial statements is not mandatory under Dutch Laws. However, in order 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 recast and 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 and employees of the Company.

By order of the Board of Directors
For SUDARSHAN EUROPE B.V.

DIRECTOR

Pune, India

Date: 21-May-2018

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

1. Background:

Sudarshan Europe B.V. ("the Company") is a Company domiciled in The Netherlands(Europe). It is subsidiary of Sudarshan Chemical Industries Limited. The Company is engaged in trading of Pigments. The registered office of the Company is located at Kingsfordweg 151, 1043 GR Amsterdam, The Netherlands.

The Financial Statement of the company for the year ended 31st March 2018, were authorised for issue in accordance with resolation of the Board of Directors on 21st May 2018

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

The Standalone Financial Statements up to and for the year ended 31st March, 2017 were prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) ("Previous GAAP") and other relevant provisions of the Act.

As these are the Company's first standalone financial statements prepared in accordance with Indian Accounting Standards (Ind AS), Ind AS 101, First-time adoption of Indian Accounting Standards has been applied. An explanation of how the transition from previous GAAP to Ind AS has affected the Company's previously reported financial position and financial performance and cash flows is provided in Note 48.

(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.

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 EUR. 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).

(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.

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

(b) Transition to Ind AS:

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment measured as per the Previous GAAP as at 1st April, 2016 and use those net carrying values as deemed cost of such property, plant and equipment.

(c) 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.

(d) 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) Investment in Subsidiaries:

(a) Investments in subsidiaries are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries, the difference between net disposal proceeds and the carrying amounts is recognized in the Statement of Profit and Loss

(b) Upon first-time adoption of Ind AS, the Company has elected to measure its investments in subsidiaries at the previous GAAP carrying amount as its deemed cost on the date of transition to Ind AS i.e. 1st April, 2016, except for adjustments consequential and arising because of application of transition requirements of Ind AS 101 in respect of financial guarantees provided by the Company.

(iv) 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.

(v) 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.

(vi) 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

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.

(c) 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.

(d) 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.

(vii) 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.

(viii) 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.

(ix) 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.

(x) 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.

xi) 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.

(xii) 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 the cash inflows from other assets or groups of assets is considered as a cash generating unit. 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.

(xiii) 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.

(xiv) 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.

(xv) 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, which is applicable for Holding company.

(xvi) Recent Accounting Pronouncements:

Standards issued but not yet effective

(a) Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:

On 28th March, 2018, Ministry of Corporate Affairs ("MCA") had notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The amendment has come into force from 1st April, 2018. The company is evaluating the requirements of the amendments and the impact on the financial statements is being evaluated.

(b) Ind AS 115-Revenue from Contract with Customers:

On 28th March, 2018, Ministry of Corporate Affairs ("MCA") had notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors

- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach)

The effective date for adoption of Ind AS 115 is financial periods beginning on or after 1st April, 2018.

The Company will adopt the standard on 1st April, 2018. The Company is evaluating the requirements of the amendments and the impact on the financial statements is being evaluated.

SUDARSHAN EUROPE BV

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Amount in Rs.)

Note No.	Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
4	NON CURRENT INVESTMENTS			
		As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
	Investment in Subsidiaries	209,284,838	209,284,838	182,945,606
		209,284,838	209,284,838	182,945,606
5	INVENTORIES			
		As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
	Finished Goods	447,929,733	326,484,712	372,271,651
		447,929,733	326,484,712	372,271,651
6	TRADE RECEIVABLES	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
	Unsecured considered good :			
	(i) Outstanding for a period exceeding six months from the due date (Considered good)			
	Considered doubtful			
	Less: Provision for doubtful debts	(5,394,781)	(5,626,179)	(6,093,109)
	(ii) Others			
	Considered good	406,386,722	360,837,151	444,255,047
		400,991,940	355,210,972	438,161,939
7	CASH AND CASH EQUIVALENTS			
		As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
	(a) Balances with banks			
	In Current Accounts	3,242,477	5,972,794	6,059,041
		3,242,477	5,972,794	6,059,041
8	OTHER CURRENT FINANCIAL ASSETS			
		As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
	Loan to Subsidiaries/ Group Companies	12,538,280	-	-
		12,538,280	-	-
9	OTHER CURRENT ASSETS			
		As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
	Advance to Suppliers	296,208	-	-
	Prepaid Expenses	1,960,242	8,445,588	5,868,628
	Advance to Employees	53,208	-	-
	Prepaid Guarantee Expenses	751,245	751,245	751,245
	Deposits	346,927	502,897	322,274
		3,407,830	9,699,730	6,942,147

SUDARSHAN EUROPE BV
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Amount in Rs.)

Note No.	Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
10	**SHARE CAPITAL**			

	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
AUTHORISED :			
6,000,000 Equity Shares of Rs.10 each			
4,00,000 Preference Shares of Rs.100 each			
ISSUED :			
* 6,000,000 Equity Shares of Rs.10 each	190,897,415	190,897,415	190,897,415
* 1,90,000 Preference Shares of Rs.100 each	-	-	-
SUBSCRIBED AND PAID UP :			
* 6,000,000 (Previous Year 6,000,000) Equity Shares of Rs.10 each fully paid up	190,897,415	190,897,415	190,897,415
* 1,90,000 (Previous Year 2,90,000) Preference Shares of Rs.100 each fully paid up	-	-	-
Equity Contribution from parents	-	-	-
	190,897,415	190,897,415	190,897,415

a) Reconciliation of the shares outstanding at the beginning and at the end of the year :

	2017-18		2016-17	
Equity Shares	**No.**	**Amount**	**No.**	**Amount**
At the beginning of the year				
Add: Allotted during the year			-	-
Less: Shares bought back during the year			-	-
Outstanding at the end of the year	-	-	-	-

	2017-18		2016-17	
Preference Shares	**No.**	**Amount**	**No.**	**Amount**
At the beginning of the year				
Add: Allotted during the year			-	-
Less: Shares redeemed during the year				
Outstanding at the end of the year	-	-	-	-

b) Terms/ Rights attached to equity shares:

Equity Shares

Each holder of equity shares is entitled to one vote per share.

Preference Shares

Each holder of preference shares is entitled to one vote per share.

c) Shares held by holding/ultimate holding company and/or their subsidiaries/associates:

Out of the equity and preference shares issued by the company, shares held by its holding company aggregates to 99.99% of the total number of equity shares and 100% for preference shares.

d) Details of shareholders holding more than 5% shares in the company:

	As at March 31, 2018		As at March 31, 2017	
	No.	**%**	**No.**	**%**
Equity Shares				
Sudarshan Chemical Industries Limited	0	100	0	100

SUDARSHAN EUROPE BV

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Amount in Rs.)

Note No.	Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
12	**FINANCIAL LIABILITIES - SHORT TERM BORROWINGS**			
		As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
	LOANS REPAYABLE ON DEMAND :			
	FROM BANKS -			
	SECURED LOANS :			
	Bank Overdraft Facility	361,624,723	162,161,708	191,708,505
	Loan from Group Companies	-	34,804,164	149,219,158
		361,624,723	196,965,872	340,927,664
13	**TRADE PAYABLE**			
		As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
	Due to parties covered under MSMED Act			
	Other Payables	421,530,564	455,967,853	457,657,152
		421,530,564	455,967,853	457,657,152
14	**OTHER CURRENT FINANCIAL LIABILITIES**			
		As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
	Statutory Payments	3,118,312	7,910,477	9,167,035
	Other Financial Liabilities	1,101,408	943,542	893,818
		4,219,721	8,854,019	10,060,853
15	**REVENUE FROM OPERATIONS**			
		As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
	Sale of Products	2,046,172,697	1,957,631,715	1,935,539,470
	Sale of Services	-	-	-
		2,046,172,697	1,957,631,715	1,935,539,470

SUDARSHAN EUROPE BV

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Amount in Rs.)

Note No.	Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
16	**OTHER INCOME**			
		As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
	Foreign Exchange Difference (net)	(2,539,663)	(677,468)	1,355,402
	Interest Income - Others	487,512	-	22,834
	Miscellaneous Income	406,416	512,636	286,548
	Provisions/ Liabilities no longer required	1,866,039	-	-
		220,305	(164,833)	1,664,784
17	**PURCHASE OF STOCK IN TRADE**			
		As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
	PURCHASE OF STOCK IN TRADE	1,944,773,685	1,660,817,208	1,712,768,107
18	**CHANGE IN INVENTORY OF STOCK IN TRADE**			
		As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
	Stocks at Commencement :			
	Finished Products	326,484,712	372,271,651	350,873,338
		326,484,712	372,271,651	350,873,338
	Less:			
	Stocks at Close :			
	Finished Products	447,929,733	326,484,712	372,271,651
		447,929,733	326,484,712	372,271,651
		(121,445,021)	45,786,939	(21,398,313)
19	**EMPLOYEE BENEFIT EXPENSES**			
		As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
	Salary, Wages and Bonus	51,386,717	63,894,525	77,975,271
	Contribution to Provident and Other Funds	11,018,275	14,215,683	14,024,278
		62,404,992	78,110,209	91,999,549
20	**FINANCE COSTS**			
		As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
	Interest on loans	4,317,889	4,768,993	6,540,304
	Interest others	2,405,395	2,691,901	1,688,009
		6,723,284	7,460,894	8,228,313
21	**DEPRECIATION AND AMORTISATION EXPENSES**			
		As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
	Depreciation	80,488	25,043	41,430
		80,488	25,043	41,430
22	**OTHER EXPENSES**			
		As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
	Repairs to other	412,978	259,432	167,387
	Insurance	3,337,899	2,058,759	2,184,060
	Rates and Taxes	-	308,421	316,554
	Advertisement	10,998,412	5,513,868	6,642,860
	Audit Fee - Audit Fee	403,061	342,356	342,095
	Provision for Doubtful Debts	790,494	-	5,955,028
	Bank Charges	1,152,256	1,470,521	1,568,503
	Travelling and Conveyance	10,856,749	13,453,308	16,445,555
	Commission to Selling Agents	3,902,920	7,576,963	7,738,309
	Freight/ Forwarding Expenses	17,486,567	18,028,226	13,537,467
	Legal and Professional Expenses	27,126,303	23,717,680	12,780,731
	Printing, Stationery and Communication Expenses	771,399	1,289,062	1,043,321
	Rent	19,346,124	17,960,706	17,385,807
	Other Discounts	4,035,958	2,492,878	4,041,733
	Misc Expenses - Misc Expenses	539,104	350,932	246,271
		101,160,224	94,823,111	90,395,682

SUDARSHAN EUROPE BV

Statement of changes in Equity for the period ended March 31, 2018

Other Equity

Particulars	Reserves and Surplus				Total
	Capital Redemption Reserve	Foreign Currency Translation Reserve	Profit and Loss Account	Equity Contribution	
Balance as at April 1, 2015	-		(44,607,674)		(44,607,674)
Profit for the period	-	-	51,486,550		51,486,550
Other Comprehensive Income	-	(4,428,321)	-		(4,428,321)
Total Comprehensive income	-	(4,428,321)	51,486,550		47,058,229
Closing Balance	-	(4,428,321)	6,878,876		2,450,555
Transfers on Ind AS Conversions		4,428,321	-4,428,321	751,245	751,245
Balance as at March 31, 2016	-	-	2,450,555	751,245	3,201,800
Profit for the period	-		55,191,426		55,191,426
Transfers		-			-
Other Comprehensive Income	-	(29,440,104)			(29,440,104)
Total Comprehensive income	-	(29,440,104)	55,191,426		25,751,322
Balance as at March 31, 2017	-	-29,440,104	57,641,981	751,245	28,953,122
Profit for the period	-		39,245,842		39,245,842
Transfers					-
Other Comprehensive Income	-	31,095,505			31,095,505
Total Comprehensive income	-	31,095,505	39,245,842		70,341,347
Balance as at March 31, 2018	-	1,655,401	96,887,823	751,245	99,294,469

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

RAHUL P. RATHI
CHAIRMAN AND REPRESENTING
SUDARSHAN, INDIA

MILAN KRUMBE
DIRECTOR

VINCENT BEAUFARON
DIRECTOR

RAJESH B. RATHI

VIVEK V. THAKUR
GENERAL MANAGER
FINANCE AND ACCOUNT