

**12TH ANNUAL REPORT
2018-19**

SUDARSHAN EUROPE B.V.

SUDARSHAN EUROPE B.V.

DIRECTORS' REPORT TO SHAREHOLDERS: 2018-2019

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

1. OPERATIONS:

The Financial Year 2018-2019 happens to be the Twelve 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 2018 to 31st March 2019 aggregated to Rs.223.62 Crores as compared to Rs. 204.64 Crores achieved during the previous year, thereby recording a moderate growth of 9.3%. The Company recorded a profit during the year of Rs.7.12 crores for the period under report as against profit before tax of Rs.5.27 Crores 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 and employees of the Company.

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

DIRECTOR

Pune, India

Date: 20th May 2019

**12TH ANNUAL REPORT
2018-19**

**SUDARSHAN EUROPE B.V.
FINANCIAL IN INR**

SUDARSHAN EUROPE BV
BALANCE SHEET AS AT MARCH 31, 2019

(Amounts are 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	5,725,054	302,524
(c) Investments	4	209,825,093	209,284,838
(c) Current tax assets (net)		5,515,999	(130,731)
		221,066,146	209,456,631
II. CURRENT ASSETS			
(a) Inventories	5	444,897,761	447,929,733
(b) Financial assets			
(i) Trade receivables	6	473,064,356	400,991,940
(ii) Cash and cash equivalents	7	552,154	3,242,477
(iii) Others	8	-	12,538,280
(d) Other current assets	9	10,507,047	3,407,830
		929,021,318	868,110,260
Total Assets		1,150,087,464	1,077,566,891
EQUITY AND LIABILITIES			
EQUITY			
(a) Share capital	10	190,897,415	190,897,415
(b) Other equity	11	154,753,133	99,294,469
		345,650,548	290,191,884
LIABILITIES			
I. Current liabilities			
(a) Financial liabilities			
(i) Borrowings	12	429,380,024	361,624,723
(ii) Trade Payable	13	360,933,946	421,530,564
(iii) Other financial liabilities	14	14,122,946	4,219,721
		804,436,916	787,375,008
Total Equity and Liabilities		1,150,087,464	1,077,566,891
Summary of significant accounting policies			

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

MR. RAHUL P. RATHI
CHAIRMAN AND DIRECTOR

MR. MILAN KRUMBE
DIRECTOR

MR. VINCENT BEMBARON
DIRECTOR

MR. RAJESH B. RATHI

MR. VIVEK V. THAKUR
GENERAL MANAGER FINANCE AND ACCOUNTS

Pune, May 20 2019

SUDARSHAN EUROPE BV
STATEMENT OF PROFIT AND LOSS FOR THE
YEAR ENDED MARCH 31, 2019

(Amounts are in INR unless otherwise stated)

Particulars	Notes	Year ended 31st March 2019	Year ended 31st March 2018
Income			
Revenue from operations	15	2,236,173,101	2,046,172,697
Other income	16	3,653,884	220,305
Total Income (I)		2,239,826,985	2,046,393,002
Expenses			
Cost of raw materials and components consumed	17	1,955,100,143	2,271,258,398
(Increase) / decrease in inventories of finished goods, work-in-progress and traded goods	18	3,031,973	(447,929,734)
Employee benefits expense	19	77,343,407	62,404,992
Finance cost	20	7,990,629	6,723,284
Depreciation and amortisation expense	21	230,928	80,488
Other Expenses	22	124,974,713	101,160,224
Total expenses (II)		2,168,671,793	1,993,697,652
Profit/ (loss) before exceptional items and tax		71,155,192	52,695,349
Current tax		18,450,795	13,449,507
Total tax expense		18,450,795	13,449,507
Profit / (Loss) for the period		52,704,397	39,245,842
Other comprehensive income			
Foreign Currency Translation Reserve		2,754,267	31,095,505
Total comprehensive income for the year, net of tax		55,458,664	70,341,347

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

MR. RAHUL P. RATHI
CHAIRMAN AND DIRECTOR

MR. MILAN KRUMBE
DIRECTOR

MR. VINCENT BEMBARON
DIRECTOR

MR. RAJESH B. RATHI

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 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 2019, were authorised for issue in accordance with resolution of the Board of Directors on 20st 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

(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 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).

**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) 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

(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.

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

(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.

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

(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.

(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.

(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.

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

(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

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

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

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

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.

SUDARSHAN EUROPE BV
Statement of changes in Equity for the period ended March 31, 2019

11. Other Equity

(Amounts are in INR unless otherwise stated)

Particulars	Reserves and Surplus				Total
	Capital Redemption Reserve	Foreign Currency Translation Reserve	Profit and Loss Account	Equity Contribution	
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
Profit for the period	-		52,704,397		52,704,397
Transfers					-
Other Comprehensive Income	-	2,754,267			2,754,267
Total Comprehensive income	-	2,754,267	52,704,397		55,458,664
Balance as at March 31, 2019	-	4,409,668	149,592,221	751,245	154,753,133

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

MR. RAHUL P. RATHI
CHAIRMAN AND DIRECTOR

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MR. VIVEK V. THAKUR
GENERAL MANAGER FINANCE AND ACCOUNTS

Pune, May 20 2019

SUDARSHAN EUROPE BV
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Amounts are in INR unless otherwise stated)

Note No.	Particulars	As at March 31, 2019	As at March 31, 2018
4	NON CURRENT INVESTMENTS		
	Investment in Subsidiaries	209,825,093	209,284,838
		209,825,093	209,284,838
5	INVENTORIES		
	Finished Goods	444,897,761	447,929,733
		444,897,761	447,929,733
6	TRADE RECEIVABLES		
	Unsecured considered good :		
	(i) Outstanding for a period exceeding six months from the due date (Considered good)		
	Considered doubtful		
	Less: Provision for doubtful debts	(7,686,607)	(5,394,781)
	(ii) Others		
	Considered good	480,750,963	406,386,722
	Considered doubtful		
		473,064,357	400,991,940
7	CASH AND CASH EQUIVALENTS		
	(a) Balances with banks		
	In Current Accounts	552,154	3,242,477
		552,154	3,242,477
8	OTHER CURRENT FINANCIAL ASSETS		
	Loan to Subsidiaries/ Group Companies	-	12,538,280
		-	12,538,280
9	OTHER CURRENT ASSETS		
	Advance to Suppliers	-	296,208
	Prepaid Expenses	8,563,226	1,960,242
	Advance to Employees	-	53,208
	Prepaid Guarantee Expenses	751,245	751,245
	Deposits	1,192,576	346,927
		10,507,047	3,407,830
10	SHARE CAPITAL		
	AUTHORISED :		
	60,000 Equity Shares of EUR 100 each		
	ISSUED :		
	28,100 Equity Shares of EUR 100 each (Previous Year 28,100)	190,897,415	190,897,415
	SUBSCRIBED AND PAID UP :		
	28,100 (Previous Year 28,100) Equity Shares of EUR 100 each fully paid up held by holding company Sudarshan Chemical Industries Limited	190,897,415	190,897,415
		190,897,415	190,897,415
12	FINANCIAL LIABILITIES - SHORT TERM BORROWINGS		
	LOANS REPAYABLE ON DEMAND :		
	FROM BANKS -		
	SECURED LOANS :		
	Bank Overdraft Facility	429,380,023	361,624,723
		429,380,023	361,624,723
13	TRADE PAYABLE		
	Due to parties covered under MSMED Act		
	Other Payables	360,933,946	421,530,564
		360,933,946	421,530,564
14	OTHER CURRENT FINANCIAL LIABILITIES		
	Statutory Payments	11,858,892	3,118,312
	Other Financial Liabilities	832,156	1,101,408
	Interest Payable	574,295	-
	Salary Payable	857,603	-
		14,122,946	4,219,721

SUDARSHAN EUROPE BV
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Amounts are in INR unless otherwise stated)

Note No.	Particulars	Year ended 31st March 2019	Year ended 31st March 2018
15	REVENUE FROM OPERATIONS		
	Sale of Products	2,236,173,101	2,046,172,697
		2,236,173,101	2,046,172,697
16	OTHER INCOME		
	Foreign Exchange Difference (net)	(621,060)	(2,539,663)
	Interest Income - Others	419,693	487,512
	Miscellaneous Income	3,855,250	406,416
	Provisions/ Liabilities no longer required	-	1,866,039
		3,653,884	220,305
17	PURCHASE OF STOCK IN TRADE		
	PURCHASE OF STOCK IN TRADE	1,955,100,143	2,271,258,398
18	CHANGE IN INVENTORY OF STOCK IN TRADE		
	Stocks at Commencement :		
	Finished Products	447,929,733	-
		447,929,733	-
	Stocks at Close :		
	Finished Products	444,897,761	447,929,733
		444,897,761	447,929,733
		3,031,973	(447,929,734)
19	EMPLOYEE BENEFIT EXPENSES		
	Salary, Wages and Bonus	63,851,911	51,386,717
	Contribution to Provident and Other Funds	13,491,496	11,018,275
		77,343,407	62,404,992
20	FINANCE COSTS		
	Interest on loans	5,914,386	4,317,889
	Interest others	2,076,243	2,405,395
		7,990,629	6,723,284
21	DEPRECIATION AND AMORTISATION EXPENSES		
	Depreciation	230,928	80,488
		230,928	80,488
22	OTHER EXPENSES		
	Repairs to other	-	412,978
	Insurance	2,099,552	3,337,899
	Rates and Taxes	2,492	-
	Advertisement	1,066,536	10,998,412
	Audit Fee - Audit Fee	333,810	403,061
	Provision for Doubtful Debts	3,457,524	790,494
	Bank Charges	1,317,732	1,152,256
	Travelling and Conveyance	17,246,818	10,856,749
	Commission to Selling Agents	5,837,714	3,902,920
	Freight/ Forwarding Expenses	26,750,098	17,486,567
	Legal and Professional Expenses	40,652,595	27,126,303
	Printing, Stationery and Communication Expenses	1,345,220	771,399
	R&D Expenses - Other Expenses	26,797	-
	Rent	19,894,712	19,346,124
	Other Discounts	2,876,852	4,035,958
	Misc Expenses - Misc Expenses	2,066,263	539,104
		124,974,713	101,160,224

**12TH ANNUAL REPORT
2018-19**

**SUDARSHAN EUROPE B.V.
FINANCIAL IN EUR**

SUDARSHAN EUROPE B.V. (a company incorporated in Netherlands)
BALANCE SHEET AS AT 31ST MAR 2019

(Amounts are in EUR 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	2,810,000	2,810,000
(b) Reserves and Surplus	4	1,930,921	1,267,642
		4,740,921	4,077,642
(2) Loan Funds			
(a) Unsecured Loans	5	5,518,853	4,446,388
		5,518,853	4,446,388
	Total :	10,259,774	8,524,030
II. APPLICATION OF FUNDS :			
(1) Fixed Assets			
Gross Block	6	80,392	7,640
Less : Depreciation		6,712	3,848
Net Block		73,680	3,792
(2) Investments			
	7	2,968,346	2,968,207
(3) Current Assets, Loans and Advances			
(a) Inventories	8	5,725,663	5,613,858
(b) Sundry Debtors		6,085,234	5,225,388
(c) Cash and Bank Balances		7,106	41,304
(d) Other Current Assets		123,789	30,864
(e) Loans and Advances		-	157,141
		11,941,792	11,068,555
Less : Current Liabilities	9	4,724,044	5,516,524
		4,724,044	5,516,524
Net Current Assets		7,217,748	5,552,031
	Total :	10,259,774	8,524,030

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

MR. RAHUL P. RATHI
CHAIRMAN AND DIRECTOR

MR. MILAN KRUMBE
DIRECTOR

MR. VINCENT BEMBARON
DIRECTOR

MR. RAJESH B. RATHI

MR. VIVEK V. THAKUR
GENERAL MANAGER FINANCE AND ACCOUNTS

Pune, May 20 2019

SUDARSHAN EUROPE B.V. (a company incorporated in Netherlands)
PROFIT AND LOSS FOR YEAR ENDED ON 31ST MAR 2019

(Amounts are in EUR unless otherwise stated)

Particulars	Schedule No	Year ended 31st March 2019	Year ended 31st March 2018
INCOME :			
Income from Operations	10	27,665,749	27,417,179
Other Income	10	74,447	35,785
		27,740,196	27,452,964
EXPENDITURE :			
Cost of Goods Traded	11	24,229,757	24,407,671
Administrative and Selling Expenses	12	2,516,898	2,193,858
Finance Cost	13	99,674	88,436
Depreciation		2,863	1,054
		26,849,192	26,691,019
Net Gain/(Loss) for the period (Before Tax)		891,004	761,945
Less : Tax Provision		227,723	180,486
Profit after tax for the period		663,281	581,459
Profit for the period carried to Balance Sheet		663,281	581,459

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

MR. RAHUL P. RATHI
CHAIRMAN AND DIRECTOR

MR. MILAN KRUMBE
DIRECTOR

MR. VINCENT BEMBARON
DIRECTOR

MR. RAJESH B. RATHI

MR. VIVEK V. THAKUR
GENERAL MANAGER FINANCE AND ACCOUNTS

Pune, May 20 2019

SUDARSHAN EUROPE B.V.
SCHEDULES FORMING PART OF THE BALANCE SHEET

(Amounts are in EUR unless otherwise stated)

Particulars	As at 31st March 2019	As at 31st March 2018
SCHEDULE - 3 : SHARE CAPITAL		
AUTHORISED :		
60,000 Equity Shares of EUR 100 each	6,000,000	6,000,000
ISSUED :		
28,100 Equity Shares of EUR 100 each (Previous Year 28,100)	2,810,000	2,810,000
SUBSCRIBED AND PAID UP :		
28,100 (Previous Year 28,100) Equity Shares of EUR 100 each fully paid up held by holding company Sudarshan Chemical Industries Limited	2,810,000	2,810,000
Total:	2,810,000	2,810,000

SUDARSHAN EUROPE B.V.
SCHEDULES FORMING PART OF THE BALANCE SHEET

(Amounts are in EUR unless otherwise stated)

Particulars	As at 31st March 2019	As at 31st March 2018
SCHEDULE - 4 : RESERVES AND SURPLUS		
As per last Balance Sheet	686,183	581,459
	686,183	581,459
SURPLUS IN PROFIT AND LOSS ACCOUNT	1,244,738	686,183
Total:	1,930,921	1,267,642

SUDARSHAN EUROPE B.V.

SCHEDULES FORMING PART OF THE BALANCE SHEET

(Amounts are in EUR unless otherwise stated)

Particulars	As at 31st March 2019	As at 31st March 2018
SCHEDULE - 5 : UNSECURED LOANS		
HSBC Bank	5,518,853	4,446,388
Total:	5,518,853	4,446,388

SUDARSHAN EUROPE B.V.
SCHEDULES FORMING PART OF THE BALANCE SHEET
SCHEDULE - 6 : FIXED ASSETS

(Amounts are in EUR unless otherwise stated)

DESCRIPTION	GROSS BLOCK			DEPRECIATION			NET BLOCK
	Balance as at 1st Apr 2018	Additions For the Year 2018-19	Balance As at 31st March 2019	Balance As at 1st Apr 2019	Depreciation For the Year 2018-19	Balance As at 31st March 2019	Balance As at 31st March 2019
DATA PROCESSING EQUIPMENTS	3,087	13,537.81	16,624	3,849	2,863.47	6,712	9,912
Plant & Machinery	-	63,767.28	63,767			-	63,767
TOTAL	3,087	13,538	80,392	3,849	2,863	6,712	73,680

SUDARSHAN EUROPE B.V.
SCHEDULES FORMING PART OF THE BALANCE SHEET
SCHEDULE - 6 : FIXED ASSETS

DESCRIPTION	GROSS BLOCK			DEPRECIATION			NET BLOCK
	Balance as at 1st Apr 2017	Additions For the Year 2018-19	Balance As at 31st March 2018	Balance As at 1st Apr 2018	Depreciation For the Year 2017-18	Balance As at 31st March 2018	Balance As at 31st March 2018
DATA PROCESSING EQUIPMENTS	3,087	4,553.30	7,640	2,795	1,054	3,848	3,792
TOTAL	3,087	4,553	7,640	2,795	1,054	3,848	3,792

SUDARSHAN EUROPE B.V.

SCHEDULES FORMING PART OF THE BALANCE SHEET

(Amounts are in EUR unless otherwise stated)

Particulars	As at 31st March 2019	As at 31st March 2018
SCHEDULE - 7 : INVESTMENTS		
Investment in Subsidiary :		
Sudarshan North America 368505800 Equity Share of USD 0.01	2,968,207	2,968,207
Sudarshan Mexico 3000 USD	139	-
Total:	2,968,346	2,968,207

SUDARSHAN EUROPE B.V.
SCHEDULES FORMING PART OF THE BALANCE SHEET

(Amounts are in EUR unless otherwise stated)

Particulars	As at 31st March 2019	As at 31st March 2018
SCHEDULE - 8 : CURRENT ASSETS, LOANS AND ADVANCES		
CURRENT ASSETS :		
Inventories		
Stock-in-Trade	5,725,663	5,613,858
	5,725,663	5,613,858
Sundry Debtors - (Unsecured, considered good unless stated otherwise)		
Debtors	6,184,158	5,293,000
Provision for Bad and Doubtful Debt	98,924	67,612
	6,085,234	5,225,388
Cash and Bank Balances :		
Balances with Banks :		
In Current Account	7,106	41,304
	7,106	41,304
Other Current Assets :		
Outstanding Income	-	-
Prepaid Expenses	110,205	24,568
Deposit with tax authorities	(1,764)	(1,764)
Deposit with others	15,348	4,348
Advance to Vendor	-	3,712
	123,789	30,864
	6,216,129	5,297,556
LOANS AND ADVANCES :		
UNSECURED LOAN TO Sudarshan Mexico	-	157,141
	-	157,141
TOTAL ..	6,216,129	5,454,697
	As at 31st March 2019	As at 31st March 2018
SCHEDULE - 9 : CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES :		
Sundry Creditors	4,172,605	4,981,086
Other Liabilities	615,914	342,555
Interest Payable	7,381	-
Advance from Customer	-	199,852
Income tax Provision	673,679	445,956
Less : Taxes paid	745,535	452,925
TOTAL ..	(71,856)	(6,969)
TOTAL ..	4,724,044	5,516,524

SUDARSHAN EUROPE B.V.
SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

(Amounts are in EUR unless otherwise stated)

Particulars	Year ended 31st March 2019	Year ended 31st March 2018
SCHEDULE - 10 : INCOME FROM OPERATIONS AND OTHER INCOME		
INCOME FROM OPERATIONS		
Sales :		
Gross Sales	27,665,749	27,417,179
	27,665,749	27,417,179
OTHER INCOME		
Interest received	5,202	6,384
Foreign Exchange difference	20,834	-
Misc Income	48,411	4,633
Provision no more required	-	24,768
	74,447	35,785
TOTAL ...	27,740,196	27,452,964

SUDARSHAN EUROPE B.V.
SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

(Amounts are in EUR unless otherwise stated)

Particulars	Year ended 31st March 2019	Year ended 31st March 2018
SCHEDULE - 11 : COST OF GOODS TRADED		
Opening Stock	5,613,858	5,260,470
Add : Purchases	24,341,562	24,761,059
	29,955,420	30,021,529
Less: Closing Stock	5,725,663	5,613,858
Cost of Goods Traded :	24,229,757	24,407,671

SUDARSHAN EUROPE B.V.
SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

(Amounts are in EUR unless otherwise stated)

Particulars	Year ended 31st March 2019	Year ended 31st March 2018
SCHEDULE - 12 : ADMINISTRATIVE AND SELLING EXPENSES		
Payments to and Provisions for the Employees		
Salaries	794,290	678,393
Contribution to Staff Pension, Social Security Insurance and other Funds	166,035	147,070
	960,325	825,463
Travelling and Conveyance	212,883	111,907
Vehicle Expenses	-	37,772
Advertisement	14,766	156,296
Legal, Professional and Consultancy Charges	505,191	352,533
Audit Fees	4,296	4,908
Insurance	26,239	44,309
Rates & Taxes	30	0
Bank Charges	16,317	15,454
Rent	246,265	256,624
Freight & forwarding	331,703	232,758
General Expenses	26,635	17,327
Foreign Exchange difference	-	30,631.00
Commission to Selling Agents	75,582	43,337
Discounts	35,570	54,365
R & D Expenses	341	-
Provision for Doubt ful Debt	44,521	10,174
Penalty	16,234	-
TOTAL ..	2,516,898	2,193,858

SUDARSHAN EUROPE B.V.
SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT
 (Amounts are in EUR unless otherwise stated)

Particulars	Year ended 31st March 2019	Year ended 31st March 2018
SCHEDULE - 13 : FINANCE COST		
Interest :		
On Unsecured Loans	25,606	31,663
On HSBC Loan	74,068	56,773
TOTAL ..	99,674	88,436