

**9TH ANNUAL REPORT
2017-18**


SUDARSHAN NORTH AMERICA INC. ,USA


SUDARSHAN NORTH AMERICA INC
BALANCE SHEET AS AT 31ST MARCH 2018


	Schedule No.	31-03-2018 USD	31-03-2017 USD
I. SOURCES OF FUNDS :			
(1) Shareholders' Funds			
(a) Share Capital	1	36,85,058	36,85,058
		<u>36,85,058</u>	<u>36,85,058</u>
(2) Loan Funds			
(a) Unsecured Loans	2	20,38,759	17,57,429
		<u>20,38,759</u>	<u>17,57,429</u>
	Total :	<u>57,23,817</u>	<u>54,42,487</u>
II. APPLICATION OF FUNDS :			
(1) Fixed Assets			
Gross Block		29,639	25,313
Less : Depreciation		19,765	14,708
Net Block		<u>9,874</u>	<u>10,605</u>
(2) Current Assets, Loans and Advances			
(a) Stock-in-trade	4	22,05,713	19,83,594
(b) Sundry Debtors		16,19,047	16,86,095
(c) Cash and Bank Balances		1,17,072	1,49,780
(d) Other Current Assets		79,790	21,107
		<u>40,21,622</u>	<u>38,40,576</u>
Less : Current Liabilities	5	11,92,778	9,26,293
		<u>11,92,778</u>	<u>9,26,293</u>
Net Current Assets		28,28,844	29,14,283
PROFIT AND LOSS ACCOUNT		28,85,099	25,17,599
	Total :	<u>57,23,817</u>	<u>54,42,487</u>

The Accompanying notes form an integral part of the Financial Statements


RAJESH B. RATHI
CHAIRMAN AND REPRESENTING
SUDARSHAN EUROPE B.V.


ANUJ N. RATHI
MANAGING DIRECTOR


VIVEK V. THAKUR
GENERAL MANAGER- FINANCE & ACCOUNTS


WILLIAM BAKER
DIRECTOR

PUNE, MAY 21, 2018

SUDARSHAN NORTH AMERICA INC

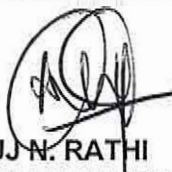
PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDING ON 31ST MARCH 2018

	Schedule No.	31-03-2018 USD	31-03-2017 USD
INCOME :			
Income from Operations	6	89,52,836	91,55,931
Other Income		12,988	4,148
		<u>89,65,824</u>	<u>91,60,079</u>
EXPENDITURE :			
Cost of Goods Traded	7	72,44,893	74,45,458
Administrative and Selling Expenses	8	20,16,519	19,86,635
Finance cost	9	66,858	39,159
Depreciation		5,057	6,485
		<u>93,33,326</u>	<u>94,77,737</u>
Profit/(Loss) for the period		(3,67,502)	(3,17,658)
<i>Add</i> : Loss brought forward		(25,17,597)	(21,99,941)
Loss for the period carried to Balance Sheet		<u>(28,85,099)</u>	<u>(25,17,599)</u>

The Accompanying notes form an integral part of the Financial Statements



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PUNE, MAY 21, 2018

SUDARSHAN NORTH AMERICA, Inc.

SCHEDULES FORMING PART OF THE BALANCE SHEET

31-03-2018 31-03-2017
USD USD

SCHEDULE - 1 : SHARE CAPITAL

AUTHORISED :

(1) Equity Shares 328,455,794 of USD 0.01 each	5,000	5,000
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ISSUED, SUBSCRIBED AND PAID UP :

248,505,800 Equity Shares of USD 0.01 each (See Note below)	36,85,058	36,85,058
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Share Application money	-	-
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TOTAL	<u>36,85,058</u>	<u>36,85,058</u>
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Note : This represents 'Composite Capital' under U.S. laws, which also includes share

SCHEDULE - 2 : UNSECURED LOANS

Unsecured loan from parent co.	0	0
EXIM Bank Buyer's Credit	20,38,759	17,57,429

TOTAL	<u>20,38,759</u>	<u>17,57,429</u>
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SUDARSHAN NORTH AMERICA, Inc.
SCHEDULES FORMING PART OF THE BALANCE SHEET
SCHEDULE - 3 : FIXED ASSETS

DESCRIPTION	GROSS BLOCK			DEPRECIATION			NET BLOCK	NET BLOCK		
	BALANCE	ADDITIONS	DEDUCTIONS	BALANCE	BALANCE	FOR THE	DEDUCTIONS	BALANCE	BALANCE	
	AS ON 01/04/2017 USD	USD	USD	AS ON 31-03-2018 USD	AS ON 01/04/2017 USD	YEAR USD	USD	AS ON 31-03-2018 USD	AS ON 31-03-2018 USD	AS ON 01/04/2017 USD
FURNITURE & FIXTURES	440			440	107	45		152	288	332
OFFICE EQUIPMENTS	2,058			2,058	1,238	220		1,458	599	820
DATA PROCESSING EQUIPMENTS	27,142			27,142	13,363	4,792		18,155	8,987	13,779
TOTAL	29,639	-	-	29,639	14,708	5,057	-	19,765	9,874	14,931

SCHEDULE - 3 : FIXED ASSETS

DESCRIPTION	GROSS BLOCK			DEPRECIATION			NET BLOCK	NET BLOCK		
	BALANCE	ADDITIONS	DEDUCTIONS	BALANCE	BALANCE	FOR THE	DEDUCTIONS	BALANCE	BALANCE	
	AS ON 01/04/2016 USD	USD	USD	AS ON 31-03-2017 USD	AS ON 01/04/2016 USD	YEAR USD	USD	AS ON 31-03-2017 USD	AS ON 31-03-2017 USD	AS ON 01/04/2016 USD
FURNITURE & FIXTURES	440			440	69	47		116	325	371
OFFICE EQUIPMENTS	2,058			2,058	1,014	219		1,233	824	1,044
DATA PROCESSING EQUIPMENTS	14,891	7,925		22,816	7,137	6,223		13,359	9,457	7,754
TOTAL	17,389	7,925	-	25,314	8,219	6,489	-	14,708	10,606	9,169

SUDARSHAN NORTH AMERICA INC

SCHEDULES FORMING PART OF THE BALANCE SHEET

31-03-2018

31-03-2017

USD

USD

SCHEDULE - 4 : CURRENT ASSETS, LOANS AND ADVANCES

CURRENT ASSETS :

Inventories

Stock-in-Trade

22,05,713

19,83,594

22,05,713

19,83,594

Sundry Debtors - (Unsecured, considered good unless stated otherwise)

Debtors

16,19,047

16,86,095

Less : Provision for Bad and Doubtful Debt

-

-

16,19,047

16,86,095

Cash and Bank Balances :

-

-

Balances with Banks :

In Deposit Account

-

-

In Current Account

1,17,072

1,49,780

1,17,072

1,49,780

Other current Assets:

Outstanding Income

-

-

Prepaid Expenses

18,765

8,002

Deposit with tax authorities

13,105

13,105

Deposit with others

-

-

Advance to Vendor

47,920

79,790

21,107

TOTAL

40,21,622

38,40,576

31-03-2018

31-03-2017

USD

USD

SCHEDULE - 5 : CURRENT LIABILITIES AND PROVISIONS

CURRENT LIABILITIES :

Sundry Creditors

10,40,951

8,10,515

Other Liabilities

1,51,827

1,15,778

TOTAL

11,92,778

9,26,293

SUDARSHAN NORTH AMERICA, Inc.

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

31-03-2018 31-03-2017

USD USD

SCHEDULE - 6 : INCOME FROM OPERATIONS AND OTHER INCOME

INCOME FROM OPERATIONS

Sales :			
	Gross Sales	89,52,836	91,55,931
	Provision no more required	-	-
	Foreign exchange difference	-	
	Other Income	12,988	4,148
	TOTAL	89,65,824	91,60,079

SCHEDULE - 7 : COST OF GOODS TRADED

Opening Stock		19,83,594	74,45,458
Add : Purchases		74,67,012	19,83,594
		94,50,606	94,29,052
Less : Closing Stock		22,05,713	19,83,594
	Cost of Goods Traded :	72,44,893	74,45,458

SUDARSHAN NORTH AMERICA, Inc.

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

31-03-2018

31-03-2017

USD

USD

SCHEDULE - 8 : ADMINISTRATIVE AND SELLING EXPENSES

Payments to and Provisions for the Employees

Salaries	9,49,598	8,06,831
Contribution to Social Security Indl. Insurance	1,62,549	97,718
Employee Welfare Expenses	-	-
	<u>11,12,147</u>	<u>9,04,549</u>

Printing, Stationery and Communication Expenses 20,382 34,888

Travelling and Conveyance 2,12,293 1,95,338

Advertisement 34,495 1,29,166

Legal, Professional and Consultancy Charges 81,037 2,53,413

Audit Fees 5,968 4,781

Freight and Forwarding 2,50,869 1,74,433

Rates and Taxes 908 2,017

Insurance 57,128 28,510

Warehouse Rent 2,08,081 2,11,761

Foreign exchange difference 501 5,184

Bank Charges 10,097 15,414

General Expenses 5,521 2,542

Selling and Distribution Expenses 13,117 19,999

Subscription 475 1,641

Donation 3,500 3,000

TOTAL 20,16,519 19,86,636

SCHEDULE - 9 : FINANCE COST

Interest :

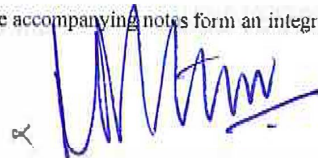
Interest to Financial Inst.	59,332	39,159
On Unsecured Loans	7,526	-

TOTAL .. 66,858 39,159

SUDARSHAN NORTH AMERICA INC.
BALANCE SHEET AS AT MARCH 31, 2018

Particulars	Notes	As at March 31, 2018 Rupees	As at March 31, 2017 Rupees	As at March 31, 2016 Rupees
ASSETS				
I. NON CURRENT ASSETS				
(a) Property, plant and equipment	3	6,36,189	6,82,010	6,01,970
(e) Other non-current assets	4	8,44,355	8,42,783	8,60,736
		<u>14,80,544</u>	<u>15,24,793</u>	<u>14,62,706</u>
II. CURRENT ASSETS				
(a) Inventories	5	14,21,14,078	12,75,64,931	21,84,81,423
(i) Trade receivables	6	10,43,15,214	10,91,05,954	11,24,54,018
(ii) Cash and cash equivalents	7	75,42,939	96,32,379	2,06,53,648
(d) Other current assets	8	42,96,524	5,14,636	54,09,737
		<u>25,82,68,755</u>	<u>24,68,17,901</u>	<u>35,69,98,825</u>
Total Assets		<u>25,97,49,299</u>	<u>24,83,42,694</u>	<u>35,84,61,531</u>
EQUITY AND LIABILITIES				
EQUITY				
(a) Share capital	9	20,92,84,838	20,92,84,838	18,29,45,606
(b) Other equity	10	(15,98,26,105)	(13,72,59,364)	(11,99,88,208)
		<u>4,94,58,732</u>	<u>7,20,25,474</u>	<u>6,29,57,398</u>
LIABILITIES				
I. Current liabilities				
(a) Financial liabilities				
(i) Borrowings	11	13,32,12,521	11,47,07,403	12,37,77,214
(ii) Trade Payable	12	7,58,74,072	5,68,40,171	17,10,95,322
(iii) Other financial liabilities	13	12,03,974	9,47,785	6,31,598
(b) Other current liabilities	14	-	38,21,860	-
		<u>21,02,90,566</u>	<u>17,63,17,220</u>	<u>29,55,04,134</u>
Total Equity and Liabilities		<u>25,97,49,299</u>	<u>24,83,42,694</u>	<u>35,84,61,531</u>
Summary of significant accounting policies	2			

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



RAJESH B. RATHI
CHAIRMAN AND REPRESENTING
SUDARSHAN EUROPE B.V.



ANIL N. RATHI
MANAGING DIRECTOR



VIVEK V. THAKUR
GENERAL MANAGER - FINANCE & ACCOUNTS
PUNE, MAY 21, 2018




WILLIAM BAKER
DIRECTOR

SUDARSHAN NORTH AMERICA INC.
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	57,33,10,131	60,97,21,244	54,67,88,148
Other income	16	8,09,754	(77,515)	72,34,607
Total Income (I)		57,41,19,885	60,96,43,729	55,40,22,756
Expenses				
Cost of raw materials and components consumed	17	47,86,67,106	40,51,36,660	32,50,39,582
(Increase) / decrease in inventories of finished goods, work-in-progress and traded goods	18	(1,45,49,147)	9,09,16,492	13,23,91,916
Employee benefits expense	19	7,12,71,840	6,04,63,895	4,67,52,453
Finance cost	20	42,92,393	26,14,555	17,42,077
Depreciation and amortisation expense	21	3,24,120	4,34,094	2,84,015
Other Expenses	22	5,78,46,003	7,14,68,522	6,96,46,661
Total expenses (II)		59,78,52,316	63,10,34,218	57,58,56,705
Profit/ (loss) before exceptional items and tax		(2,37,32,431)	(2,13,90,489)	(2,18,33,949)
Exceptional items				
Profit/ (loss) before tax		(2,37,32,431)	(2,13,90,489)	(2,18,33,949)
Tax expense				
Current tax		-	-	-
Mat Credit Entitlement		-	-	-
Deferred tax		-	-	-
Total tax expense		-	-	-
Profit / (Loss) for the period		(2,37,32,431)	(2,13,90,489)	(2,18,33,949)
Other comprehensive income				
Foreign Currency Translation Reserve		11,65,689	41,19,334	-
Tax on the above		-	-	-
Total comprehensive income for the year, net of tax		(2,25,66,742)	(1,72,71,156)	(2,18,33,949)
Earning per equity share				
Basic		-0.06	-0.06	-0.07
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 EUROPE B.V


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 GENERAL MANAGER - FINANCE & ACCOUNTS
 PUNE , MAY 21, 2018


ANUJ N. RATHI
 MANAGING DIRECTOR


WILLIAM BAKER
 DIRECTOR

SUDARSHAN NORTH AMERICA INC.

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

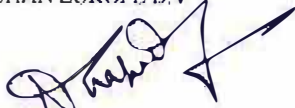
10 Other Equity

Particulars	Reserves and Surplus			Total
	Capital Redemption Reserve	Foreign Currency Translation Reserve	Profit and Loss Account	
Balance as at April 1, 2015	-	-	(9,40,90,785)	(9,40,90,785)
Profit for the period	-	-	(2,18,33,949)	(2,18,33,949)
Other Comprehensive Income	-	-	-	-
Total Comprehensive income	-	-	(2,18,33,949)	(2,18,33,949)
Closing Balance	-	(40,63,474)	(11,59,24,734)	(11,99,88,208)
Transfers on Ind AS Conversions	-	40,63,474	-40,63,474	-
Balance as at March 31, 2016	-	-0	-11,99,88,208	-11,99,88,208
Profit for the period	-	-	(2,13,90,489)	(2,13,90,489)
Transfers	-	-	-	-
Other Comprehensive Income	-	41,19,334	-	41,19,334
Total Comprehensive income	-	41,19,334	(2,13,90,489)	(1,72,71,156)
Balance as at March 31, 2017	-	41,19,334	-14,13,78,697	-13,72,59,364
Profit for the period	-	-	(2,37,32,431)	(2,37,32,431)
Transfers	-	-	-	-
Other Comprehensive Income	-	11,65,689	-	11,65,689
Total Comprehensive income	-	11,65,689	(2,37,32,431)	(2,25,66,742)
Balance as at March 31, 2018	-	52,85,023	-16,51,11,128	-15,98,26,105

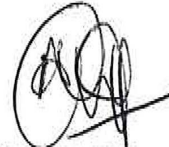
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GENERAL MANAGER - FINANCE & ACCOUNTS
PUNE , MAY 21, 2018



ANUJ N. RATHI
MANAGING DIRECTOR



WILLAM BAKER
DIRECTOR

SUDARSHAN NORTH AMERICA INC.

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 March 31, 2016
3	PROPERTY , PLANT AND EQUIPEMENT	6,36,189	6,82,010	6,01,970
		6,36,189	6,82,010	6,01,970
4	OTHER NON CURRENT ASSETS			
	Deposits	8,44,355	8,42,783	8,60,736
		8,44,355	8,42,783	8,60,736
5	INVENTORIES			
	Finished Goods	14,21,14,078	12,75,64,931	21,84,81,423
		14,21,14,078	12,75,64,931	21,84,81,423
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	-	-	-
	(ii) Others			
	Considered good	10,43,15,214	10,91,05,954	11,24,54,018
	Considered doubtful	-	-	-
	Less: Provision for doubtful debts	-	-	-
		10,43,15,214	10,91,05,954	11,24,54,018
7	CASH AND CASH EQUIVALENTS			
	(a) Balances with banks In Current Accounts	75,42,939	96,32,379	2,06,53,648
	(b) Cash on hand	-	-	-
		75,42,939	96,32,379	2,06,53,648
8	OTHER CURRENT ASSETS			
	Advance to Suppliers	30,87,486	-	-
	Prepaid Expenses	12,09,038	5,14,636	54,09,737
		42,96,524	5,14,636	54,09,737
9	SHARE CAPITAL			
	AUTHORISED :			
	368,505,800 Equity Shares of USD 0.01 each			
	ISSUED :			
	368,505,800 Equity Shares of USD 0.01 each	20,92,84,838	20,92,84,838	18,29,45,606
	SUBSCRIBED AND PAID UP :			
	368,505,800 Equity Shares of USD 0.01 each fully paid up held by holding company Sudarshan Europe B.V	20,92,84,838	20,92,84,838	18,29,45,606
		20,92,84,838	20,92,84,838	18,29,45,606

SUDARSHAN NORTH AMERICA, INC.

DIRECTORS' REPORT TO SHAREHOLDERS: 2017-2018

Your Directors present the Ninth 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 Ninth year of operations of the Company. The Company was incorporated as a Private Limited Company in 2009 in State of Delaware in USA. The Company is subsidiary of Sudarshan Europe B.V., in turn a step down Subsidiary of Sudarshan Chemical Industries Limited, India.

Revenue from Operations during the period 1st April, 2017 to 31st March, 2018 aggregated to Rs.57.33 Crores as compared to Rs.60.97 Crores achieved during the previous year. The loss for the period under report amounts to Rs. 2.32 Crores. The results for this year are not comparable with the previous year since during this year onwards sales to Mexico have been undertaken through the newly incorporated Subsidiary in Mexico. It is expected that with adequate measures taken in improving the overall operational efficiencies of the Company and barring unforeseen circumstances, the Company should do well during the current Financial Year.

2. AUDIT:

Considering the operations of the Company, audit of the financial statements is not mandatory under Laws of State of Delaware in USA. 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, Sudarshan Europe B.V., The Netherlands, and employees of the Company.

By order of the Board of Directors
For SUDARSHAN NORTH AMERICA


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 North America Inc. ("the Company") is a Company domiciled in North America. It is a Subsidiary of Sudarshan Europe B.V. & step down subsidiary of Sudarshan Chemical Industries Limited. The Company is engaged in trading of Organic Inorganic & Effect Pigments. The registered office of the Company is located at 76 N. Walnut Street, Ridgewood, NJ, USA 07450.

The Financial Statement of the company for the year ended 31st March 2018, were authorised for issue in accordance with resolution 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.

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

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

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

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).

(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.

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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) 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:

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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 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.

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(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.

(vi) Provisions and Contingent Liabilities:

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(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.

(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

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

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.

(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

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

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 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.

(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.

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

(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, which is applicable for Holding company.

(xv) 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 NORTH AMERICA INC.
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 March 31, 2016	
	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	36,85,05,800	20,92,84,838	32,85,05,800	18,29,45,606
	Add: Allotted during the year			4,00,00,000	2,63,39,232
	Less: Shares bought back during the year			-	-
	Outstanding at the end of the year	36,85,05,800	20,92,84,838	36,85,05,800	20,92,84,838
	a) Terms/ Rights attached to equity shares:	Nil		Nil	
	b) Share holders holding more than 5% shares in the company	No	%	No	%
	Sudarshan Europe B.V.	36,85,05,800	100%	36,85,05,800	100%
11	FINANCIAL LIABILITIES - SHORT TERM BORROWINGS				
	LOANS REPAYABLE ON DEMAND ;				
	FROM BANKS - SECURED LOANS :				
	Bank Overdraft Facility	13,32,12,521	11,47,07,403	12,37,77,214	-
	Loan from Group Companies	-	-	-	-
		13,32,12,521	11,47,07,403	12,37,77,214	-
12	TRADE PAYABLE				
	Other Payables	7,58,74,072	5,68,40,171	17,10,95,322	
		7,58,74,072	5,68,40,171	17,10,95,322	
13	OTHER CURRENT FINANCIAL LIABILITIES				
	Statutory Payments	9,06,549	7,06,221	3,44,376	
	Interest Payable	2,97,425	2,41,564	2,87,221	
		12,03,974	9,47,785	6,31,598	
14	OTHER CURRENT LIABILITIES				
	Other Liabilities	-	-	-	
	Debtors Credit Balances	-	38,21,860	-	
		-	38,21,860	-	
15	REVENUE FROM OPERATIONS				
	Sale of Products	57,33,10,131	60,97,21,244	54,67,88,148	
		57,33,10,131	60,97,21,244	54,67,88,148	
16	OTHER INCOME				
	Foreign Exchange Difference (net)	(32,739)	(3,53,830)	(18,65,044)	
	Miscellaneous Income	8,42,494	2,76,315	85,02,630	
	Provisions/ Liabilities no longer required	-	-	5,97,021	
		8,09,754	(77,515)	72,34,607	

SUDARSHAN NORTH AMERICA INC.

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 March 31, 2016
17	PURCHASE OF STOCK IN TRADE			
	PURCHASE OF STOCK IN TRADE	47,86,67,106	40,51,36,660	32,50,39,582
18	CHANGE IN INVENTORY OF STOCK IN TRADE			
	Stocks at Commencement :			
	Finished Products	12,75,64,931	21,84,81,423	35,08,73,338
	Less:			
	Stocks at Close :			
	Finished Products	14,21,14,078	12,75,64,931	21,84,81,423
		14,21,14,078	12,75,64,931	21,84,81,423
		(1,45,49,147)	9,09,16,492	13,23,91,916
19	EMPLOYEE BENEFIT EXPENSES			
	Salary, Wages and Bonus	6,43,59,861	5,48,70,077	4,24,10,942
	Contribution to Provident and Other Funds	69,11,980	55,93,818	43,41,510
		7,12,71,840	6,04,63,895	4,67,52,453
20	FINANCE COSTS			
	Interest on loans	38,07,563	26,14,526	17,10,190
	Interest others	4,84,830	28	31,887
		42,92,393	26,14,555	17,42,077
21	DEPRECIATION AND AMORTISATION EXPENSES			
	Depreciation	3,24,120	4,34,094	2,84,015
		3,24,120	4,34,094	2,84,015
22	OTHER EXPENSES			
	Insurance	36,45,802	19,03,191	8,90,954
	Rates and Taxes	57,881	1,33,617	4,45,535
	Advertisement	22,08,799	85,68,461	36,53,121
	Audit Fee - Audit Fee	4,11,086	3,06,838	2,80,334
	Donations	2,22,880	2,00,610	-
	Bank Charges	6,46,287	10,26,459	9,76,889
	Travelling and Conveyance	1,35,96,666	1,29,37,480	1,21,17,006
	Commission to Selling Agents	6,67,431	10,37,930	12,45,853
	Freight/ Forwarding Expenses	1,60,38,754	1,16,18,624	1,14,25,392
	Legal and Professional Expenses	51,84,137	1,68,30,296	1,91,24,318
	Printing, Stationery and Communication Expenses	13,08,226	23,17,923	20,92,512
	Rent	1,33,22,309	1,40,48,134	1,67,83,362
	Other Discounts	1,76,906	2,61,187	1,61,359
	Loss on discard of Assets	-	-	29,830
	Misc Expenses - Misc Expenses	3,58,839	2,77,771	4,20,196
		5,78,46,003	7,14,68,522	6,96,46,661