VE Staal B.V.

located, Amsterdam

Report on the annual accounts
2020

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1. ACCOUNTANTS REPORT

Londen & Van Holland

To the Directors of
VE Staal B.V.
Dotterbloemstraat 25
3053 JV Rotterdam

Amsterdam, 4 April 2022

Dear Directors,

1.1 SCOPE OF ENGAGEMENT

In accordance with your instructions we have audited the annual accounts 2020 of VE Staal B.V., including the balance sheet with counts of EUR 68,119,402 and the profit and loss account with a post-tax profit of EUR 1,715,040.

2. ANNUAL REPORT

2.1 DIRECTOR'S REPORT

The director's report is available at the office of VE Staal B.V.

DIRECTOR'S REPORT

Principal Activities

VE Staal B.V. (Erstwhile Viraj Europe B.V.) ("the company") is a stainless-steel trader of finished and semi-finished goods produced ferrous metals and non-ferrous material. The company was established in 2012 and started business activities in 2013. The company has engaged in trading a wide range of products using Austenitic, Ferritic, Martensitic, Austenitic-Ferritic (Duplex) stainless steel grades. From a wide range of billets & ingots, wire & wire rods, bright bars, profiles, flanges to fasteners for various industries and stainless steel scrap, the product range is one of the widest in the business.

The products have a variety of applications in petrochemical plants, oil pipelines, ships, structural design, high tensile springs & cables, boilers, pressure vessels, liquid storage terminals, liquid cargo ships, and surgical instruments, to name a few.

Financial information

Consolidated financial results for FY 2020 vis a vis 2019 is provided below.

Particulars	2020	2019	Increase / (Decrease) %
Sales	301.097.802	340.703.928	-12%
Cost of Sales	(294.026.099)	(335.484.133)	-12%
Gross Margin	7.071.703	5.219.795	35%
Gross Margin %	2,35%	1,53%	53%
Other Operating Income	8.760	2.500	250%
Profit Before interest, Depreciation & Tax	2.851.456	1.059.272	169%
Less: Finance & Similar Cost	(863.249)	(884.807)	-2%
Less: Depreciation & Amortization Expenses	(27.880)	(4.836)	477%
Profit before Tax	1.960.327	169.629	1056%
Corporate Tax	(245.287)	(96.983)	153%
Profit after Tax (Carried to Balance Sheet)	**1.715.040**	**72.646**	**2261%**

Consolidated Sales have decrease by 12% during the financial year compared figure of the previous year due to lower sales because of CORONA outbreak. Company had impact for couple of months only due to CORONA outbreak but later on the company has recovered. The product mix remains almost the same. Profit before tax has increase marginally on account of the lower cost of goods sold. Group's subsidiary companies VE Staal FZE (Erstwhile Mo-Nickel International DMCC, a step-down subsidiary) and Vaishno Megamovers has generated significant profit during the year. However, the company has filed liquidation of German subsidiary Duo Fasteners Gmbh and Viraj Stainless Japan Limited.

The company started in 2020 with an aim for further growth in sales. However, the coronavirus had an adverse impact on turnover growth. The company had struggled for a couple of months for a normal level of sales however, the company is back on track and now managing a monthly turnover of 20-22 million euros.

The company's turnover (Standalone) has increased by 25-30% during year 2021 as compared to the previous year.

Net Assets and Financial Position

The net assets and financial position of the company (consolidated) shows the following picture: -

Particulars	2020		2019		Change
	€	%	€	%	€
Assets					
Non-current assets	414.058	1%	335.988	0%	78.070
Current assets					
Inventories	12.793.591	19%	10.437.413	15%	2.356.178
Receivables incl. aff. companies	53.030.765	78%	67.641.667	99%	-14.610.902
Cash and cash equivalents	1.558.546	2%	454.630	1%	1.103.916
Other assets	322.442	0%	800.218	1%	-477.776
	67.705.344	99%	79.333.928	116%	-11.628.584
	68.119.402	**100%**	**79.669.916**	**117%**	**-11.550.514**
Equity and liabilities					
Equity					
Group capital & reserves -surplus	4.260.046	6%	2.552.853	3%	1.707.193
	4.260.046	6%	2.552.853	3%	1.707.193
Liabilities					
Liabilities to Banks	34.108.788	50%	36.785.210	46%	-2.676.422
Supplier liabilities	15.633.324	23%	20.015.897	25%	-4.382.573
Other liabilities	14.117.244	21%	20.315.956	26%	-6.198.712
	63.859.356	94%	77.117.063	97%	-13.257.707
	68.119.402	**100%**	**79.669.916**	**100%**	**-11.550.514**

All functions of the company are centralized, so activities are performed, managed, and controlled from its registered office at Rotterdam.

Going Concern

The Group has considerable financial resources together with established business relationships with many customers and suppliers. Presently the management doesn't see any indication of the risk associated with the business and investments of the company. The company's total assets are adequate to pay-off its liabilities. Hence management considers it appropriate to adopt the going concern basis of accounting in preparing this Annual Report and Accounts.

Post-Balance-Sheet Date Events

The Covid-19 outbreak didn't impact the business of the company post December 2020. In 2021, the company has increased its turnover by 25-30%. This is the result of higher price realisation and higher quantity sales.

The company has files for liquidation of Viraj Stainless Japan (VSJ) and Duo Fasteners Gmbh during the financial year. VSJ was liquidated in year 2021 and Duo liquidation is still under process. Duo wasn't actively doing any business activities and Viraj Japan was not able to make profits. So the management decided to liquidate both companies.

No other significant events have happened and noticed by management that affects the net assets, financial position, and results of operations between the balance sheet date and the completion of this report significantly of the company and its subsidiary companies.

Information about applying of code of conduct

The Company is subject to standard code of conduct, various legal provisions and enactments applicable to a limited liability company and to employees as per The Netherlands laws.

Information about overseas investment and progress

The Company have invested in following companies

1. Beacon Holding Asset Limited – Dubai
2. Viraj Stainless Japan Ltd. – Japan (Liquidated in 2021)
3. Vaishno Megamovers Europe BV – Netherlands
4. Duo Fasteners GMBH – Germany – (Under Liquidation)

Beacon's wholly-owned subsidiary VE Staal FZE (Erstwhile MO Nickel International DMCC) turnover has significantly increased on account of increased demand for scrap in the international market as compared to the previous year. But the company faced fierce competition from the competitors and harmed sales pricing and cost of goods sold, which have resulted in lower Gross margin and finally net loss for the year Vaishno Mega-Movers Europe B.V. has made considerable progress in handling and establishing the logistics business in Europe and earned a post-tax profit of EUR 186,061 in the current year.

Conclusion & Outlook of the group

The positive trend in apparent steel consumption as well as in steel demand seen over the second half of 2021 took, this has resulted in higher sales in 2021. In year 2021 the company has done sales of more than 325 million euros (Approx 20% higher than 2020). The Turnover is expected to grow albeit at a considerably slower pace in 2022. Ongoing Russia-Ukraine issues have cast uncertainty on the economic and industrial outlook, but the company is not having major business in the that region so will not have any adverse impact. In general, recovery in the EU appears to be increasingly uneven and exposed to downside risks, mainly the severe disruptions in the global supply chain (i.e., shortage of components and raw materials, skyrocketing energy prices, rising shipping costs, etc.), as well as potential new COVID-19 variants. However, the company is forecasting slow but upward demand and considering a good long-term association with the largest stockist and distributor, the management is expecting an increase of 10-20% in annual

turnover in 2022 and confident about earning an adequate profit margin to support its operating expenses and pay off its liabilities.

On Behalf of the Board,

Mukesh Kumar Verma
(Managing Director-D&K Group B.V)
Rotterdam, 4th April 2022

3. CONSOLIDATED FINANCIAL STATEMENTS

3.1 CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2020

(Before distribution of result)

ASSETS

			31-12-2020		31-12-2019
		EUR	EUR	EUR	EUR
Fixed assets					
Intangible assets					
Other intangible assets			108,481		-
Property, plant and equipment	*1*				
Land and buildings		281,732		306,056	
Other fixed assets		23,845		29,932	
			305,577		335,988
Current assets					
Inventories and work in progress					
Inventories	*2*		12,793,591		10,437,413
Receivables					
Trade receivables	*3*	53,030,765		67,241,667	
Receivables from group companies		-		400,000	
Taxes and social security charges	*4*	90,916		66,685	
Other receivables, prepayments and accrued income	*5*	231,526		733,533	
			53,353,207		68,441,885
Cash and cash equivalents	*6*		1,558,546		454,630
			68,119,402		79,669,916

EQUITY AND LIABILITIES

			31-12-2020		31-12-2019
		EUR	EUR	EUR	EUR
Group equity	*7*		4,260,046		2,552,853
Current liabilities, accruals and deferred income					
Payables to banks		34,108,788		36,785,210	
Trade payables		15,633,324		20,015,897	
Payables relating to taxes and social security contributions	*8*	45,318		62,050	
Other liabilities and accrued expenses	*9*	14,071,926		20,253,906	
			63,859,356		77,117,063
			68,119,402		79,669,916

3.2 CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR 2020

			2020		2019
		EUR	EUR	EUR	EUR
Net Turnover	*10*	301,097,802		340,703,928	
Cost of sales		(294,026,099)		(335,484,133)	
Gross margin		7,071,703		5,219,795	
Other operating income		8,760		2,500	
Gross margin			7,080,463		5,222,295
Wages and salaries		934,136		873,268	
Social security charges		33,075		41,805	
Depreciation of property, plant and equipment	*11*	27,880		4,836	
Other operating expenses	*12*	3,261,796		3,247,950	
Total of sum of expenses			4,256,887		4,167,859
Total of operating result			2,823,576		1,054,436
Other interest and similar income	*13*	-		142,647	
Interest and similar expenses	*14*	(863,249)		(1,030,833)	
Currency translation differences		-		3,379	
Financial income and expense			(863,249)		(884,807)
Total of result of activities before tax			1,960,327		169,629
Income tax expense	*15*		(245,287)		(96,983)
Total of result after tax			1,715,040		72,646

3.3 CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR 2020

			2020		2019
		EUR	EUR	EUR	EUR
Total of cash flows from (used in) operating activities					
Operating result			2,823,576		1,054,436
Adjustments for					
Depreciation		12,688		4,836	
Exchange rate differences		28,563		(8,190)	
			41,251		(3,354)
Changes in working capital					
Decrease (increase) in inventories		(2,356,178)		4,774,976	
Decrease (increase) in trade receivables	*3*	14,210,902		(6,086,085)	
Receivables from group companies		400,000		(400,000)	
Decrease (increase) in other receivable	*5*	379,444		(340,734)	
Accruals and prepaid expenses		98,332		(74,060)	
Increase (decrease) in other payables		(10,581,285)		3,103,760	
			2,151,215		977,857
Total of cash flows from (used in) operations			5,016,042		2,028,939
Interest received	*13*	-		142,647	
Interest paid	*14*	(863,249)		(1,030,833)	
Income tax paid	*15*	(245,287)		(96,983)	
			(1,108,536)		(985,169)
Total of cash flows from (used in) operating activities			3,907,506		1,043,770
Total of cash flows from (used in) investment activities					
Purchase of intangible assets		(108,481)		-	
Purchase of property, plant and equipment	*1*	(63,224)		(29,310)	
Proceeds from sales of property, plant and equipment	*1*	30,634		-	
Proceeds from sales of financial assets		13,903		50,000	
Total of cash flows from (used in) investment activities			(127,168)		20,690
Total of cash flows from (used in) financing activities					
Increase (decrease) in payables to banks			(2,676,422)		(1,403,951)
Total of increase (decrease) in cash and cash equivalents			1,103,916		(339,491)

Movement in cash and cash equivalents

Cash and cash equivalents at the beginning of the period	454,630	794,121
Increase (decrease) cash and cash equivalents	1,103,916	(339,491)
Cash and cash equivalents at the end of the period	1,558,546	454,630

3.4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

ENTITY INFORMATION

Registered address and registration number trade register

The actual address of VE Staal B.V. is Dotterbloemstraat 25, 3053 JV in Rotterdam, the registered place of business is Amsterdam. VE Staal B.V. is registered at the Chamber of Commerce under number 54609208.

GENERAL NOTES

The most important activities of the entity

The activities of VE Staal B.V. (erstwhile: Viraj Europe B.V.) and its group companies consist mainly of sell and/or trade in stainless steel products imported by it, within the Netherlands and/or all over the world, and to trade in ferrous and non-ferrous metals and metal products within the Netherlands and/or all over the world.

Disclosure of group structure

VE Staal B.V. is part of a group. The head of this group is D&K Group B.V. in Rotterdam.

Disclosure of estimates

In applying the principles and policies for drawing up the financial statements, the directors of VE Staal B.V. make different estimates and judgments that may be essential to the amounts disclosed in the financial statements. If it is necessary in order to provide the transparency required under Book 2, article 362, paragraph 1, the nature of these estimates and judgments, including related assumptions, is disclosed in the notes to the relevant financial statement item.

Disclosure of consolidation

The consolidation includes the financial information of VE Staal B.V., its group companies and other entities in which it exercises control or whose central management it conducts. Group companies are entities in which VE Staal B.V. exercises direct or indirect control based on a shareholding of more than one half of the voting rights, or of which it has the authority to govern otherwise their financial and operating policies.
Potential voting rights that can be exercised directly from the balance sheet date are also taken into account.

Group companies and other entities in which VE Staal B.V. exercises control or whose central management it conducts are consolidated in full. Participating interests in group equity and group result are disclosed separately. Participating interests over which no control can be exercised (associates) are not included in the consolidation.

Intercompany transactions, profits and balances among group companies and other consolidated entities are eliminated, unless these results are realised through transactions with third parties. Unrealised losses on intercompany transactions are also eliminated, unless such a loss qualifies as an impairment. The accounting policies of group companies and other consolidated entities have been changed where necessary, in order to align them to the prevailing group accounting policies.

GENERAL ACCOUNTING PRINCIPLES

The accounting standards used to prepare the financial statements

The consolidated financial statements are drawn up in accordance with the provisions of Title 9, Book 2 of the Dutch Civil Code and the firm pronouncements in the Dutch Accounting Standards, as published by the Dutch Accounting Standards Board ('Raad voor de Jaarverslaggeving').

Assets and liabilities are generally valued at historical cost, production cost or at fair value at the time of acquisition. If no specific valuation principle has been stated, valuation is at historical cost.

Basis of Conversion and Processing of Exchange Rate Differences Relating to Foreign Currency Transactions for the Balance Sheet

Monetary assets and liabilities in foreign currencies are converted to the closing rate of the functional currency on the balance sheet date. The translation differences resulting from settlement and conversion are credited or charged to the consolidated profit and loss account.

Non-monetary assets valued at historical cost in a foreign currency are converted at the exchange rate on the transaction date.

Non-monetary assets valued at fair value in a foreign currency are converted at the exchange rate on the date on which the fair value was determined.

Operating leases

The corporation has lease contracts whereby a large part of the risks and rewards associated with ownership are not for the benefit of or incurred by the corporation. The lease contracts are recognised as operational leasing. Lease payments are recorded on a straight-line basis, taking into account reimbursements received from the lessor, in the consolidated profit and loss account for the duration of the contract.

Financial instruments

Securities included in financial and current assets are stated at fair value, if these are related to securities held for trading or if they relate to equity instruments not held for trading, as well as derivatives of which the underlying object is listed on a stock exchange. All other on-balance financial instruments are carried at (amortised) cost.

ACCOUNTING PRINCIPLES

Property, plant and equipment

Tangible fixed assets are valued at acquisition costs or production costs plus additional costs less straight-line depreciation based on the expected life, unless stated otherwise. Impairments expected on the balance sheet date are taken into account.

Financial assets

Participations, over which significant influence can be exercised, are valued according to the net asset value method. In the event that 20% or more of the voting rights can be exercised, it may be assumed that there is significant influence.

The net asset value is calculated in accordance with the accounting principles that apply for these financial statements; with regard to participations in which insufficient data is available for adopting these principles, the valuation principles of the respective participation are applied.

If the valuation of a participation based on the net asset value is negative, it will be stated at nil. If and insofar as VE Staal B.V. can be held fully or partially liable for the debts of the participation, or has the firm intention of enabling the participation to settle its debts, a provision is recognised for this.

Newly acquired participations are initially recognised on the basis of the fair value of their identifiable assets and liabilities at the acquisition date. For subsequent valuations, the principles that apply for these financial statements are used, with the values upon their initial recognition as the basis.

The amount by which the carrying amount of the participation has changed since the previous financial statements as a result of the net result achieved by the participation is recognised in the consolidated profit and loss account.

Participations over which no significant influence can be exercised are valued at historical cost. The result represents the dividend declared in the reporting year, whereby dividend not distributed in cash is valued at fair value.

In the event of an impairment loss, valuation takes place at the recoverable amount; an impairment is recognised and charged to the consolidated profit and loss account.

Receivables recognised under financial fixed assets are initially valued at the fair value less transaction costs. These receivables are subsequently valued at amortised cost price, which is, in general, equal to the nominal value. For determining the value, any depreciation is taken into account.

Deferred tax assets are recognised for all deductible temporary differences between the value of the assets and liabilities under tax regulations on the one hand and the accounting policies used in these financial statements on the other, on the understanding that deferred tax assets are only recognised insofar as it is probable that future taxable profits will be available to offset the temporary differences and available tax losses.

The calculation of the deferred tax assets is based on the tax rates prevailing at the end of the reporting year or the rates applicable in future years, to the extent that they have already been enacted by law.

Deferred tax assets are valued at their nominal value.

Impairment of non-current assets

On each balance sheet date, VE Staal B.V. assesses whether there are any indications that a fixed asset may be subject to impairment. If there are such indications, the recoverable amount of the asset is determined. If it is not possible to determine the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined. An impairment occurs when the carrying amount of an asset is higher than the recoverable amount; the recoverable amount is the higher of the realisable value and the value in use.
An impairment loss is directly recognised in the profit and loss account while the carrying amount of the asset concerned is concurrently reduced.

The realisable value is initially based on a binding sale agreement; if there is no such agreement, the realisable value is determined based on the active market, whereby usually the prevailing bid price is taken as market price. For the determination of the value in use, an estimate is made of the future net cash flows in the event of continued use of the asset / cash-generating unit; these cash flows are discounted.

If it is established that an impairment that was recognised in the past no longer exists or has reduced, the increased carrying amount of the asset concerned is set no higher than the carrying amount that would have been determined if no impairment value adjustment for the asset concerned had been reported.

Inventories

Inventories (stocks) are valued at cost price based on the FIFO method or lower realisable value.

The cost price consists of the historical cost and costs incurred in order to bring the stocks to their current location and current condition.

The realisable value is the estimated sales price less directly attributable sales costs. In determining the realisable value the obsolescence of the inventories is taken into account.

Receivables

Receivables are initially valued at the fair value of the consideration to be received. Receivables are subsequently valued at the amortised cost price. If there is no premium or discount and there are no transaction costs, the amortised cost price equals the nominal value of the accounts receivable. If payment of the receivable is postponed under an extended payment deadline, fair value is measured on the basis of the discounted value of the expected revenues. Interest gains are recognised using the effective interest method. Provisions for bad debts are deducted from the carrying amount of the receivable.

Cash and cash equivalents

Cash at banks and in hand represent cash in hand, bank balances and deposits with terms of less than twelve months. Overdrafts at banks are recognised as part of debts to lending institutions under current liabilities. Cash at banks and in hand is valued at nominal value.

Current liabilities

On initial recognition current liabilities are recognised at fair value. After initial recognition current liabilities are recognised at the amortised cost price, being the amount received taking into account premiums or discounts and minus transaction costs. This is usually the nominal value.

Accounting principles for determining the result

The result is the difference between the realisable value of the goods/services provided and the costs and other charges during the year. The results on transactions are recognised in the year in which they are realised.

Revenue recognition

Net turnover comprises the income from the supply of goods and services and realised income from construction contracts after deduction of discounts and such like and of taxes levied on the turnover.

Revenues ensuing from the sale of goods are accounted for when all major entitlements to economic benefits as well as all major risks have transferred to the buyer. The cost price of these goods is allocated to the same period.

Revenues from services are recognized in proportion to the services rendered. The cost price of these services is allocated to the same period.

Depreciation of property, plant and equipment

Tangible fixed assets are depreciated from the date of initial use over the expected future economic life of the asset, while taking into account any applicable restrictions with respect to buildings, investment property, other tangible fixed assets. Land is not depreciated.

Future depreciation is adjusted if there is a change in estimated future useful life.

Gains and losses from the occasional sale of property, plant or equipment are included in depreciation.

Other operating expenses

Costs are determined on a historical basis and are attributed to the reporting year to which they relate.

Income tax expense

Tax on the result is calculated based on the result before tax in the consolidated profit and loss account, taking account of profit components and after the addition of non-deductible costs.

Cash flow statement

The cash flow statement has been prepared using the indirect method. The cash items disclosed in the cash flow statement comprise cash at banks and in hand except for deposits with a maturity longer than three months. Cash flows denominated in foreign currencies have been translated at average estimated exchange rates. Exchange differences affecting cash items are shown separately in the cash flow statement. Interest paid and received, dividends received and income taxes are included in cash from operating activities. Dividends paid are recognised as cash used in financing activities. The purchase consideration paid for the acquired group corporation has been recognised as cash used in investing activities where it was settled in cash. Any cash at banks and in hand in the acquired group corporation have been deducted from the purchase consideration. Transactions not resulting in inflow or outflow of cash, are not recognised in the cash flow statement.

3.5 NOTES TO THE CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2020

ASSETS

FIXED ASSETS

1 Property, plant and equipment

	Land and buildings	Other fixed assets	Total
	EUR	EUR	EUR
Balance as at 1 January 2020			
Cost or manufacturing price	321,181	160,493	481,674
Accumulated depreciation	-	(132,406)	(132,406)
Accumulated exchange differrences	(15,125)	1,845	(13,280)
Book value as at 1 January 2020	306,056	29,932	335,988
Movements			
Additions	-	63,224	63,224
Revaluations	-	(12,370)	(12,370)
Depreciation	-	(12,688)	(12,688)
Disposals	-	(30,680)	(30,680)
Depreciation on disposals	-	46	46
Exchange differrences	(24,324)	(13,619)	(37,943)
Balance movements	(24,324)	(6,087)	(30,411)
Balance as at 31 December 2020			
Cost or manufacturing price	321,181	193,037	514,218
Accumulated revaluations	-	(12,370)	(12,370)
Accumulated depreciation	-	(145,048)	(145,048)
Accumulated exchange differrences	(39,449)	(11,774)	(51,223)
Book value as at 31 December 2020	281,732	23,845	305,577

Property, plant and equipment: Economic life

	Land and buildings	Machinery
Depreciation rate	20.00	20.00

CURRENT ASSETS

Inventories and work in progress

	31-12-2020	31-12-2019
	EUR	EUR
2 Inventories		
Finished goods for resale	-	1,191
Goods in transit	12,793,591	10,436,222
	12,793,591	10,437,413

Receivables

	31-12-2020	31-12-2019
	EUR	EUR
3 Trade receivables		
Trade receivables	53,030,765	67,241,667

The fair value of the trade receivables approximates the carrying amount, given the current character of the receivables and the fact that provisions for bad debt are recognised, where necessary. In the receivables there are no amounts included with a payment term longer than one year.

	31-12-2020	31-12-2019
	EUR	EUR
4 Taxes and social security charges		
Value added tax	90,916	66,418
Other taxes	-	267
	90,916	66,685

5 Other receivables, prepayments and accrued income

Other interest receivable	-	443,607
Guarantee deposit	5,682	137,212
Prepayments employees	1,299	79,814
Insurance premium	10,306	18,441
Prepaid expenses	8,829	20,511
Other amounts receivable	205,410	33,948
	231,526	733,533

6 Cash and cash equivalents

Guarantees

The Cash and cash equivalents are not freely available for an amount of EUR 80,000 (2019: EUR 80,000). This concerns a guarantee in favour of the Dutch collector of taxes.

EQUITY AND LIABILITIES

7 GROUP EQUITY
The shareholders' equity is explained in the notes to the non-consolidated balance sheet.

CURRENT LIABILITIES, ACCRUALS AND DEFERRED INCOME

	31-12-2020	31-12-2019
	EUR	EUR
8 Payables relating to taxes and social security contributions		
Company income tax	36,972	46,990
Social security charges	8,346	15,060
	45,318	62,050
9 Other liabilities and accrued expenses		
Invoiced in advance	13,538,539	17,862,562
Customs disbursement charges	385,676	2,171,838
Audit fee	8,210	33,651
Net wages	-	10,152
Audit and consultancy costs	2,405	5,500
Tantiemes	2,851	-
Other	10,638	1,210
Other liabilities	123,607	168,993
	14,071,926	20,253,906

All current liabilities fall due in less than one year. The fair value of the current liabilities approximates the book value due to their short-term character.

CONTINGENT ASSETS AND LIABILITIES

Off-balance sheet commitments relating to guarantees

VE Staal B.V. has a debtor financing with ING Bank. VE Staal B.V. has entered into a financing agreement with ING Bank. The securities that apply are as follows:
1) pledge/transfer of all Receivables;
2) deed of pledge of entitlements pursuant to a credit insurance;
3) deed of pledge of entitlements pursuant to a transport insurance;
4) surplus value and reciprocal security arrangement;
5) deed of possessory on stock;
6) (master) deed of pledge to orders on hand.
7) D&K Group B.V. has provided corporate guarantees to ING Bank NV for loan outstanding to VE Staal B.V.

SUBSEQUENT EVENTS

In the year 2021, the company will continue to emphasize on growing sales. However due to the coronavirus outbreak it is difficult to continue the streak of turnover growth. It is difficult to estimate at this stage of the lockdown of various countries and is markets how much VE Staal B.V. will lose but we are not expecting any turnover losses in a short time period. It may have an adverse impact on buying and selling prices and bring a lot of pressure on margin. The Group has considerable financial resources together with established business relationships with many customers and suppliers. Outbreak of the coronavirus may have an impact on future turnover.

Proposal appropriation of result

The management of the company proposes to appropriate the result as follows:

The appropriation of profit for the year 2020 in the amount of EUR 1,715,040 will be added to in full to the other reserves. This proposal needs to be determined by the General Meeting.

3.6 NOTES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR 2020

	2020 EUR	2019 EUR
10 NET TURNOVER		
Turnover	301,097,802	340,674,785
Intra-group transactions	-	29,143
	301,097,802	340,703,928
GEOGRAPHIC SEGMENTATION TURNOVER		
Europe	248,874,644	233,735,637
Non-Europe	52,223,158	106,968,291
	301,097,802	340,703,928

Remuneration of directors

There is no remuneration regarding the directors.

Average number of employees

2020

	Active within the Netherlands	Active outside the Netherlands	Total
Average number of employees	3.00	7.00	10.00

2019

	Active within the Netherlands	Active outside the Netherlands	Total
Average number of employees	3.00	7.00	10.00

	2020 EUR	2019 EUR
11 DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT		
Other fixed assets	12,688	4,836
Book result other fixed assets	15,192	-
	27,880	4,836

	2020	2019
	EUR	EUR
12 OTHER OPERATING EXPENSES		
Other expenses of employee benefits	44,943	31,280
Housing expenses	261,747	183,194
Operating and machine expenses	1,679	455
Selling expenses	1,299,990	989,349
Car expenses	54,289	15,413
Office expenses	86,528	107,232
General expenses	1,512,620	1,921,027
	3,261,796	3,247,950

Specification audit fees

Description audit fee type	Amount external auditor and audit firm	Amount network organization	Total amount
	EUR	EUR	EUR
Audit costs	59,753	-	59,753
Total audit fees	59,753	-	59,753

FINANCIAL INCOME AND EXPENSE

	2020	2019
	EUR	EUR
13 OTHER INTEREST AND SIMILAR INCOME		
Other interest received	-	142,647

	2020 EUR	2019 EUR
14 INTEREST AND SIMILAR EXPENSES		
Interest tax authorities	357	-
Foreign currency results	113,549	521
Paid bank interest	749,343	1,030,312
	863,249	1,030,833

15 Income tax expense

Income tax expense: Breakdown

	2020 EUR	2019 EUR
Income tax expense from current financial year	(244,292)	(96,709)
Other income tax expense	(995)	(274)
Total of income tax expense	(245,287)	(96,983)

Specification of related party transactions of importance and not taken under market conditions

All legal entities that can be controlled, jointly controlled or significantly influenced are considered to be a related party. Also entities which can control the company are considered to be a related party. In addition, statutory directors, other key management of VE Staal B.V. or the ultimate parent corporation and close relatives are regarded as related parties.

Transactions with related parties are disclosed in the notes insofar as they are not transacted under normal market conditions. The nature, extent and other information is disclosed if this is necessary in order to provide the required insight.

4. COMPANY-ONLY FINANCIAL STATEMENTS

4.1 COMPANY-ONLY BALANCE SHEET AS AT 31 DECEMBER 2020
(Before distribution of result)

ASSETS

			31-12-2020		31-12-2019
		EUR	EUR	EUR	EUR
Fixed assets					
Property, plant and equipment	*16*		3,370		3,656
Financial assets					
Shares, certificates of shares and other types of participating interests in group companies	*17*	1,904,958		956,659	
Receivables from group companies	*18*	1,308,983		1,455,028	
			3,213,941		2,411,687
Current assets					
Inventories and work in progress			12,793,591		10,436,222
Receivables					
Trade receivables		51,125,522		61,505,362	
Receivables from group companies	*19*	-		400,000	
Taxes and social security charges	*20*	50,260		181,994	
Other receivables, prepayments and accrued income		20,960		23,938	
			51,196,742		62,111,294
			67,207,644		74,962,859

EQUITY AND LIABILITIES

			31-12-2020		31-12-2019
		EUR	EUR	EUR	EUR
Equity	*21*				
Share capital paid called up		90,000		90,000	
Other legal reserves	*22*	(84,144)		(76,297)	
Other reserves		2,539,150		2,466,505	
Result for the year		1,715,040		72,645	
			4,260,046		2,552,853
Provisions					
Provision participations			94,616		93,575
Current liabilities, accruals and deferred income					
Payables to banks	*23*	34,114,979		36,794,604	
Trade payables		14,476,162		15,096,436	
Liabilities to group companies	*24*	353,759		363,977	
Payables relating to taxes and social security contributions		8,410		10,151	
Accruals and deferred expenses	*25*	13,899,672		20,051,263	
			62,852,982		72,316,431
			67,207,644		74,962,859

4.2 COMPANY-ONLY PROFIT AND LOSS ACCOUNT FOR THE YEAR 2020

		2020		2019	
		EUR	EUR	EUR	EUR
Net Turnover		247,557,096		279,082,967	
Cost of sales		(243,835,909)		(276,764,484)	
Gross margin			3,721,187		2,318,483
Wages and salaries		155,821		163,783	
Social security charges		20,552		18,533	
Depreciation of property, plant and equipment		332		1,373	
Other operating expenses		1,650,037		959,608	
Total of sum of expenses			1,826,742		1,143,297
Total of operating result			1,894,445		1,175,186
Other interest and similar income		-		131,925	
Interest and similar expenses		(890,218)		(1,027,219)	
Financial income and expense			(890,218)		(895,294)
Total of result before tax			1,004,227		279,892
Income tax expense			(244,292)		(58,039)
			759,935		221,853
Share in result of participations	*26*		955,105		(149,208)
Total of result after tax			1,715,040		72,645

4.3 NOTES TO THE COMPANY-ONLY FINANCIAL STATEMENTS

GENERAL NOTES

GENERAL ACCOUNTING PRINCIPLES

The accounting standards used to prepare the financial statements

The company-only financial statement is drawn up in accordance with the provisions of Title 9, Book 2 of the Dutch Civil Code and the firm pronouncements in the Dutch Accounting Standards, as published by the Dutch Accounting Standards Board ('Raad voor de Jaarverslaggeving').

Assets and liabilities are generally valued at historical cost, production cost or at fair value at the time of acquisition. If no specific valuation principle has been stated, valuation is at historical cost.

The accounting policies for the company financial statements and the consolidated financial statements are the same. For the accounting policies for the company balance sheet and income statement, reference is made to the notes to the consolidated balance sheet and income statement.

ACCOUNTING PRINCIPLES

Intangible assets

Intangible fixed assets are stated at historical cost less amortisation. Impairments are taken into consideration; this is relevant in the event that the carrying amount of the asset is higher than its realisable value.

Costs of goodwill acquired from third party

Goodwill resulting from acquisitions is capitalised and amortised on a straight-line basis over the estimated economic life.

Financial assets

Participations, over which significant influence can be exercised, are valued according to the net asset value method. In the event that 20% or more of the voting rights can be exercised, it may be assumed that there is significant influence.

The net asset value is calculated in accordance with the accounting principles that apply for these financial statements; with regard to participations in which insufficient data is available for adopting these principles, the valuation principles of the respective participation are applied.

If the valuation of a participation based on the net asset value is negative, it will be stated at nil. If and insofar as VE Staal B.V. can be held fully or partially liable for the debts of the participation, or has the firm intention of enabling the participation to settle its debts, a provision is recognised for this.

Receivables recognised under financial fixed assets are initially valued at the fair value less transaction costs. These receivables are subsequently valued at amortised cost price, which is, in general, equal to the nominal value. For determining the value, any depreciation is taken into account.

4.4 NOTES TO THE COMPANY-ONLY BALANCE SHEET AS AT 31 DECEMBER 2020

ASSETS

FIXED ASSETS

16 Property, plant and equipment

	Other fixed assets EUR
Balance as at 1 January 2020	
Cost or manufacturing price	11,144
Accumulated depreciation	(7,488)
Book value as at 1 January 2020	3,656
Movements	
Depreciation	(332)
Depreciation on disposals	46
Balance movements	(286)
Balance as at 31 December 2020	
Cost or manufacturing price	11,144
Accumulated depreciation	(7,774)
Book value as at 31 December 2020	3,370

Financial assets

Register of participations

The consolidated company in Beacon Holding Asset Ltd is VE Staal FZE (erstwhile: MO Nickel International DMCC), Dubai, United Arab Emirates (100%).

	31-12-2020	31-12-2019
	EUR	EUR
17 Shares, certificates of shares and other types of participating interests in group companies		
Vaishno Megamovers Europe B.V.	1,152,539	857,920
Beacon Holdings Asset Ltd.	752,419	98,739
	1,904,958	956,659

	2020	2019
	EUR	EUR
Vaishno Megamovers Europe B.V.		
Book value as at 1 January	857,920	671,859
Profit/(Loss)	294,619	186,061
Book value as at 31 December	1,152,539	857,920
Beacon Holdings Asset Ltd.		
Book value as at 1 January	98,739	473,419
Profit/(Loss)	661,527	(369,180)
Translation difference	(7,847)	(5,500)
Book value as at 31 December	752,419	98,739
Viraj Stainless Japan Ltd.		
Book value as at 1 January	-	-
Profit/(Loss)	-	3,791
Settlement with current account	-	1,407
Translation difference	-	(5,198)
Book value as at 31 December	-	-

Viraj Stainless Steel Japan Ltd. was liquidated in 2021.

	2020	2019
	EUR	EUR
DuO Fasteners GmbH		
Book value as at 1 January	-	-
Profit/(Loss)	(1,041)	30,120
Addition to provision	1,041	(30,120)
Book value as at 31 December	-	-

Duo Fasteners GmbH is under liquidation.

	31-12-2020	31-12-2019
	EUR	EUR
18 Receivables from group companies		
Receivable from Viraj Stainless Japan Ltd.	-	33,032
Receivables from Beacon Holding Asset Ltd.	1,308,983	1,421,996
	1,308,983	1,455,028
Receivable from Viraj Stainless Japan Ltd.		
Book value as at 1 January	33,032	29,241
Provison participation	-	3,791
Provision for receivable	(33,032)	-
Book value as at 31 December	-	33,032
Receivables		
19 Receivables from group companies		
Receivables from D&K Group B.V.	-	400,000
20 Taxes and social security charges		
Value added tax	50,260	133,098
Company tax	-	48,896
	50,260	181,994

EQUITY AND LIABILITIES

21 Equity

Movements in equity were as follows:

	Share capital paid called up	Other legal reserves	Other reserves	Result for the year	Total
	EUR	EUR	EUR	EUR	EUR
Balance as at 1 January 2020	90,000	(76,297)	2,466,505	72,645	2,552,853
Change from net income	-	-	-	(72,645)	(72,645)
Result for the year	-	-	-	1,715,040	1,715,040
Appropriation of result	-	-	72,645	-	72,645
Currency translation differences	-	(7,847)	-	-	(7,847)
Balance as at 31 December 2020	90,000	(84,144)	2,539,150	1,715,040	4,260,046

22 Other legal reserves

	2020	2019
	EUR	EUR
Currency translation reserve		
Balance as at 1 January	(76,297)	(70,797)
Currency translation differences	(7,847)	(5,500)
Balance as at 31 December	(84,144)	(76,297)

	31-12-2020	31-12-2019
	EUR	EUR
Provision intra-group holdings		
DuO Fasteners GmbH	94,616	93,575

	2020	2019
	EUR	EUR
DuO Fasteners GmbH		
Balance as at 1 January	93,575	123,695
Addition to Provision intra-group holding	1,041	(30,120)
Balance as at 31 December	94,616	93,575

CURRENT LIABILITIES, ACCRUALS AND DEFERRED INCOME

	31-12-2020	31-12-2019
	EUR	EUR
23 Payables to banks		
Payables to banks	34,114,979	36,794,604

Payables to banks

ING Bank N.V., current account	475,307	312,276
ING debtor Finance	30,403,792	33,859,361
ING purchasing Finance	3,235,880	2,622,967
	34,114,979	36,794,604

ING purchasing Finance
The bank is financing against transit goods to the port of the Rotterdam. Financing percentage is 65% of the cost price for the presold stock. This percentage is agreed based on cost of goods sold by suppliers.

24 Liabilities to group companies

Liabilities to group companies	353,759	363,977

An interest rate of 0% (2019: 0%) is applicable to the average intercompany balances.
In respect of repayment and securities, no agreements have been made.

25 Accruals and deferred expenses

Invoiced in advance	13,538,539	17,862,562
Customs disbursement charges	331,133	2,158,702
Audit fee	30,000	29,999
	13,899,672	20,051,263

Proposal appropriation of result

The management of the company proposes to appropriate the result as follows:

The appropriation of profit for the year 2020 in the amount of
EUR 1,715,040 will be added to in full to the other reserves. This proposal needs to be determined by the General Meeting.

4.5 NOTES TO THE COMPANY-ONLY PROFIT AND LOSS ACCOUNT FOR THE YEAR 2020

Average number of employees

2020

	Active within the Netherlands	Active outside the Netherlands	Total
Average number of employees	2.00	-	2.00

2019

	Active within the Netherlands	Active outside the Netherlands	Total
Average number of employees	2.00	-	2.00

	2020 EUR	2019 EUR
26 SHARE IN RESULT OF PARTICIPATIONS		
Result of Beacon Holdings Asset Ltd.	661,527	(369,180)
Result of Vaishno Megamovers Europe B.V.	294,619	186,061
Result of Viraj Stainless Japan Ltd.	-	3,791
Result of DuO Fasteners GmbH	(1,041)	30,120
	955,105	(149,208)

Rotterdam, 4 April 2022

M.K. Verma
Represented by:
D&K Group B.V.

5. OTHER INFORMATION

5.1 Provisions of the Articles of Association relating to profit appropriation

In the company statutory regulations the following has been presented concerning
the appropriation of result:
23.1 The profits shall be at the disposal of the general meeting.
23.2 The company can only make distributions to the extent its equity exceeds the paid and called up
part of the capital increased with the reserves which must be maintained pursuant to the law.
23.3 Dividends shall be paid after the adoption of the annual accounts evidencing that the payment of dividends is lawful.
23.4 The general meeting may, with due observance of the provisions of paragraph 2, resolve to pay interim dividends.
23.5 The general meeting may, with due observance of the provisions of paragraph 2, resolve to make distributions out of a reserve which need not be kept by law.
23.6 The general meeting may, with due observance of the provisions of paragraph 2, resolve to pay, wholly or partly, dividends other than in cash.
23.7 For the calculation of the amount to be distributed on the shares, the shares held by the company in its own capital shall not be taken into account.
23.8 A claim of a shareholder to receive a distribution expires after five years.

5.2 INDEPENDENT AUDITOR'S REPORT

A. Report on the audit of the financial statements 2020

Our opinion
We have audited the financial statements 2020 of VE Staal B.V., based in Amsterdam.

In our opinion the accompanying financial statements give a true and fair view of the financial position of VE Staal B.V. as at 2020, and of its result for 2020 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1. the consolidated and company balance sheet as at 2020;
2. the consolidated and company profit and loss account for 2020; and
3. the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion
We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of VE Staal B.V. in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

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

Other matters
We draw attention to the information on subsequent events paragraph in the notes on page 20 of the financial statements in which management set out the developments in 2020 regarding the Corona pandemic and the potential impact on the going concern principle. Our opinion has not been revised relating to this matter.

B. Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- The management report;
- Other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the management board's report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

C. Description of responsibilities regarding the financial statements

Responsibilities of the board for the financial statements
The board is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the board is responsible for such internal control as the board determines is necessary to enable the preparation of the financial statements that are free from material misstatements, whether due to fraud or error.

As part of the preparation of the financial statements, the board is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the board should prepare the financial statements using the going concern basis of accounting unless the board either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The board should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The supervisory board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements
Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- Identifying and assessing the risks of material misstatements of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatements resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;

- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board;

- Concluding on the appropriateness of the board's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern;

- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and

- Evaluating whether the financial statements represents the underlying transactions and events free from material misstatements.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Amsterdam, 4 April 2022

Londen & Van Holland
Registeraccountants en Belastingadviseurs

drs. K. J. Schouten RA