VE Staal B.V.

located, Amsterdam

Report on the annual accounts
2021

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1. ACCOUNTANTS REPORT

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

Amsterdam, 22 September 2022

Dear Directors,

1.1 SCOPE OF ENGAGEMENT

In accordance with your instructions we have audited the annual accounts 2021 of VE Staal B.V., including the balance sheet with counts of EUR 111,833,210 and the profit and loss account with a post-tax profit of EUR 3,127,889.

2. ANNUAL REPORT

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 2021 vis a vis 2020 is provided below.

Particulars	2021	2020	Increase / (Decrease) %
Sales	372.437.700	301.097.802	24%
Cost of Sales	(365.692.390)	(294.026.099)	24%
Gross Margin	6.745.310	7.071.703	-5%
Gross Margin %	1,81%	2,35%	-23%
Other Operating Income	171.513	8.760	1858%
Profit Before interest, Depreciation & Tax	5.142.554	2.851.456	80%
Less: Finance & Similar Cost	(836.735)	(863.249)	-3%
Less: Depreciation & Amortization Expenses	(182)	(27.880)	-99%
Profit before Tax	4.305.637	1.960.327	120%
Corporate Tax	(1.177.748)	(245.287)	380%
Profit after Tax (Carried to Balance Sheet)	**3.127.889**	**1.715.040**	**82%**

Consolidated sales increased by 24% over the previous year due to higher sales of finished goods, scrap, and material prices. The lower operating costs have resulted in a marginal increase in profit before tax. The consolidated revenue includes only Vaishno Megamovers' non-related party sales. As of 2020, the company is aiming for further growth in sales, and that will continue to be the focus in the years to come.

The company's total revenue (Standalone) increased by 49% in 2021 compared to the previous year. The company's payroll and operating costs are almost fixed, which has resulted in a higher profit after taxes.

Particulars	2021	2020	Increase / (Decrease) %
Sales	370.840.685	247.557.096	50%
Cost of Sales	(364.543.831)	(243.835.909)	50%
Gross Margin	6.296.854	3.721.187	69%
Gross Margin %	1,70%	1,50%	13%
Other Operating Income	171.513	-	-
Profit Before interest, Depreciation & Tax	4.862.193	1.894.777	157%

Less: Finance & Similar Cost	(834.160)	(890.218)	-6%
Less: Depreciation & Amortization Expenses	(182)	(332)	-45%
Profit before Tax	4.027.851	1.004.227	301%
Corporate Tax	(1.132.756)	(244.292)	364%
Profit after Tax (Carried to Balance Sheet)	**2.895.095**	**759.935**	**281%**

Net Assets and Financial Position

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

Particulars	2021		2020		Change
	€	%	€	%	€
Assets					
Non-current assets	2.785	0%	414.058	1%	-411.273
Current assets					
Inventories	19.939.416	18%	12.793.591	11%	7.145.825
Receivables incl. aff. companies	90.806.091	81%	53.030.765	47%	37.775.326
Cash and cash equivalents	20.951	0%	1.558.546	1%	-1.537.595
Other assets	1.063.967	1%	322.442	0%	741.525
	111.830.425	100%	67.705.344	61%	44.125.081
	111.833.210	**100%**	**68.119.402**	**61%**	**43.713.808**
Equity and liabilities					
Equity					
Group capital & reserves -surplus	7.387.935	7%	4.260.046	6%	3.127.889
	7.387.935	7%	4.260.046	6%	3.127.889
Liabilities					
Liabilities to Banks	43.225.774	39%	34.108.788	50%	9.116.986
Supplier liabilities	32.909.583	29%	15.633.324	23%	17.276.259
Other liabilities	28.309.918	25%	14.117.244	21%	14.192.674
	104.445.275	93%	63.859.356	94%	40.585.919
	111.833.210	**100%**	**68.119.402**	**100%**	**43.713.808**

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

Going Concern

Currently, management does not see any indication that the company's investment is at risk. The company's total assets are adequate to pay off its liabilities. Hence management does not see any risk to the company's continued existence as a going concern. As COVID-19 cases are declining, and most of the global population has already been vaccinated against Coronavirus, management does not expect any insignificant effects on participation value.

Post-Balance-Sheet Date Events

We are still in the process of liquidating Duo Fasteners Gmbh. During the period between the balance sheet date and the completion of this report, no other significant events have occurred and were noticed by management. These events have significantly affected the net assets, financial position, and results of operations of the company and its subsidiaries.

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 investment and progress

The Company have invested in following companies

1. Vaishno Megamovers Europe BV – Netherlands
2. Duo Fasteners GMBH – Germany – (Under Liquidation)

Vaishno Mega-Movers Europe B.V. has earned € 231,975 (2020 - €294,618) post tax profit during the year. And Duo Fasteners GMBH € 819 in the financial year 2021 and (€ 1.041) in the prior year.

Conclusion & Outlook of the group

Considering the positive outlook for steel consumption and the declining COVID-19 cases, the company is expected to achieve higher turnover and profit in 2022. In 2021, the company generated sales of 367 million euros (approximately 49% more than in 2020). It is expected that turnover will increase through 2022. A number of uncertainties persist due to unpredictable developments resulting from the Russian-Ukraine war, as well as fluctuations in energy prices, which have a negative impact on industrial growth. However, the company does not do the most business in that region and the material is sourced from India, so higher energy prices will not adversely affect the company. However, the company is forecasting upward demand, and considering a long-term association with its largest stockist and distributor, the management expects an increase in annual turnover in 2022 and is confident of earning an adequate profit margin for the company to pay off its liabilities.

On Behalf of the Board,

Mukesh Kumar Verma
(Managing Director-D&K Group B.V)
Rotterdam, 22nd September 2022.

3. CONSOLIDATED FINANCIAL STATEMENTS

3.1 CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2021

(Before distribution of result)

ASSETS

			31-12-2021		31-12-2020
		EUR	EUR	EUR	EUR
Fixed assets					
Intangible assets					
Other intangible assets			-		108,481
Property, plant and equipment	*1*				
Land and buildings		-		281,732	
Other fixed assets		2,785		23,845	
			2,785		305,577
Current assets					
Inventories and work in progress					
Inventories	*2*		19,939,416		12,793,591
Receivables					
Trade receivables	*3*	90,806,091		53,030,765	
Taxes and social security charges	*4*	-		90,916	
Other current accounts	*5*	852,529		-	
Other receivables, prepayments and accrued income	*6*	211,438		231,526	
			91,870,058		53,353,207
Cash and cash equivalents			20,951		1,558,546
			111,833,210		68,119,402

EQUITY AND LIABILITIES

			31-12-2021		31-12-2020
		EUR	EUR	EUR	EUR
Group equity	*7*		7,387,935		4,260,046
Current liabilities, accruals and deferred income					
Payables to banks		43,225,774		34,108,788	
Trade payables		32,909,583		15,633,324	
Liabilities to group companies	*8*	3,850,000		-	
Payables relating to taxes and social security contributions	*9*	1,307,008		45,318	
Other liabilities and accrued expenses	*10*	23,152,910		14,071,926	
			104,445,275		63,859,356
			111,833,210		68,119,402

3.2 CONSOLIDATED INCOME STATEMENT FOR THE YEAR 2021

		2021		2020	
		EUR	EUR	EUR	EUR
Net Turnover	*11*	372,437,700		301,097,802	
Cost of sales		(365,692,390)		(294,026,099)	
Gross margin		6,745,310		7,071,703	
Other operating income		171,513		8,760	
Gross margin			6,916,823		7,080,463
Wages and salaries		184,450		934,136	
Social security charges		23,789		33,075	
Depreciation of property, plant and equipment	*12*	182		27,880	
Other operating expenses	*13*	1,566,030		3,261,796	
Total of sum of expenses			1,774,451		4,256,887
Total of operating result			5,142,372		2,823,576
Other interest and similar income	*14*	1,798		-	
Interest and similar expenses	*15*	(836,420)		(863,249)	
Currency translation differences		(2,113)		-	
Financial income and expense			(836,735)		(863,249)
Total of result of activities before tax			4,305,637		1,960,327
Income tax expense	*16*		(1,177,748)		(245,287)
Total of result after tax			3,127,889		1,715,040

3.3 CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR 2021

			2021		2020
		EUR	EUR	EUR	EUR
Total of cash flows from (used in) operating activities					
Operating result			5,142,372		2,823,576
Adjustments for					
Depreciation		182		12,688	
Exchange rate differences		(1,710)		28,563	
			(1,528)		41,251
Changes in working capital					
Decrease (increase) in inventories		(7,145,825)		(2,356,178)	
Decrease (increase) in trade receivables	*3*	(37,775,326)		14,210,902	
Receivables from group companies		-		400,000	
Decrease (increase) in other receivable	*6*	(747,960)		379,687	
Accruals and prepaid expenses		6,435		122,300	
Increase (decrease) in other payables		31,468,933		(10,605,496)	
			(14,193,743)		2,151,215
Total of cash flows from (used in) operations			(9,052,899)		5,016,042
Interest received	*14*	1,798		-	
Interest paid	*15*	(836,420)		(863,249)	
Income tax paid	*16*	(1,177,748)		(245,287)	
			(2,012,370)		(1,108,536)
Total of cash flows from (used in) operating activities			(11,065,269)		3,907,506
Total of cash flows from (used in) investment activities					
Purchase of intangible assets		-		(108,481)	
Purchase of property, plant and equipment	*1*	-		(63,224)	
Proceeds from sales of property, plant and equipment	*1*	-		30,634	
Proceeds from sales of financial assets		-		13,903	
Deconsolidations		410,688		-	
Total of cash flows from (used in) investment activities			410,688		(127,168)
Total of cash flows from (used in) financing activities					
Increase (decrease) in payables to banks			9,116,986		(2,676,422)
Total of increase (decrease) in cash and cash equivalents			(1,537,595)		1,103,916

Movement in cash and cash equivalents

Cash and cash equivalents at the beginning of the period	1,558,546	454,630
Increase (decrease) cash and cash equivalents	(1,537,595)	1,103,916
Cash and cash equivalents at the end of the period	20,951	1,558,546

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 income statement.

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 income statement 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 income statement.

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 income statement.

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 income statement, 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 2021

ASSETS

FIXED ASSETS

1 Property, plant and equipment

	Land and buildings	Other fixed assets	Total
	EUR	EUR	EUR
Balance as at 1 January 2021			
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 1 January 2021	281,732	23,845	305,577
Movements			
Depreciation	-	(182)	(182)
Exchange differrences	-	(403)	(403)
Deconsolidations	(281,732)	(20,475)	(302,207)
Balance movements	(281,732)	(21,060)	(302,792)
Balance as at 31 December 2021			
Cost or manufacturing price	-	11,144	11,144
Accumulated depreciation	-	(7,956)	(7,956)
Accumulated exchange differrences	-	(403)	(403)
Book value as at 31 December 2021	-	2,785	2,785

Property, plant and equipment: Economic life

	Land and buildings	Machinery
Depreciation rate	20.00	20.00

CURRENT ASSETS

Inventories and work in progress

	31-12-2021	31-12-2020
	EUR	EUR
2 Inventories		
Goods in transit	19,939,416	12,793,591

Receivables

	31-12-2021	31-12-2020
	EUR	EUR
3 Trade receivables		
Trade receivables	90,806,091	53,030,765

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.

	31-12-2021	31-12-2020
	EUR	EUR
4 Taxes and social security charges		
Value added tax	-	90,916

	31-12-2021	31-12-2020
	EUR	EUR
5 Other current accounts		
Other current account	852,529	-

The full loan should be repaid on september 30, 2026.
The loan bears interest of 2% per annum.

6 Other receivables, prepayments and accrued income

Guarantee deposit	-	5,682
Prepayments employees	1,193	1,299
Insurance premium	10,306	10,306
Prepaid expenses	2,500	8,829
Other amounts receivable	197,439	205,410
	211,438	231,526

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

	31-12-2021	31-12-2020
	EUR	EUR
8 Liabilities to group companies		
Loan D&K Group B.V.	3,500,000	-
Loan from UBO / Mr Dhruv Neeraj Kochhar	350,000	-
	3,850,000	-

The loan D&K Group B.V. must be repaid by December 31, 2022 at the latest. Annual repayments have been agreed, but there are no securities and interest with regard to this loan.

	31-12-2021	31-12-2020
	EUR	EUR
9 Payables relating to taxes and social security contributions		
Value added tax	263,412	-
Company income tax	1,042,942	36,972
Social security charges	654	8,346
	1,307,008	45,318

10 Other liabilities and accrued expenses		
Invoiced in advance	21,097,107	13,538,539
Customs disbursement charges	1,544,220	390,235
Audit fee	36,000	3,651
Audit and consultancy costs	1,000	2,405
Tantiemes	-	2,851
Other liabilities	474,583	134,245
	23,152,910	14,071,926

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.

Proposal appropriation of result

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

The appropriation of profit for the year 2021 in the amount of EUR 3,127,889 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 INCOME STATEMENT FOR THE YEAR 2021

	2021 EUR	2020 EUR
11 NET TURNOVER		
Turnover	372,437,700	301,097,802
GEOGRAPHIC SEGMENTATION TURNOVER		
Europe	304,130,216	248,874,644
Non-Europe	68,307,484	52,223,158
	372,437,700	301,097,802

	2021 EUR	2020 EUR
12 DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT		
Other fixed assets	182	12,688
Book result other fixed assets	-	15,192
	182	27,880

	2021 EUR	2020 EUR
13 OTHER OPERATING EXPENSES		
Other expenses of employee benefits	-	44,943
Housing expenses	3,391	261,747
Operating and machine expenses	-	1,679
Selling expenses	634,708	1,299,990
Car expenses	318	54,289
Office expenses	89,440	86,528
General expenses	838,173	1,512,620
	1,566,030	3,261,796

Specification audit fees

Description audit fee type	Amount external auditor and audit firm EUR	Amount network organization EUR	Total amount EUR
Audit costs	42,500	74,341	116,841
Total audit fees	42,500	74,341	116,841

FINANCIAL INCOME AND EXPENSE

	2021 EUR	2020 EUR
14 OTHER INTEREST AND SIMILAR INCOME		
Foreign currency results	1,798	-

	2021 EUR	2020 EUR
Foreign currency results		
Foreign currency results	1,798	-

	2021 EUR	2020 EUR
15 INTEREST AND SIMILAR EXPENSES		
Interest tax authorities	-	357
Foreign currency results	-	113,549
Paid bank interest	836,420	749,343
	836,420	863,249

16 Income tax expense		
Income tax expense from current financial year	(1,177,748)	(244,292)
Other income tax expense	-	(995)
Total of income tax expense	(1,177,748)	(245,287)

3.7 OTHER NOTES

Average number of employees

	2021	2020
Average number of employees over the period working in the Netherlands	3.00	3.00
Average number of employees over the period working outside the Netherlands	-	13.00
Average number of employees over the period	3.00	16.00

4. COMPANY-ONLY FINANCIAL STATEMENTS

4.1 COMPANY-ONLY BALANCE SHEET AS AT 31 DECEMBER 2021

(Before distribution of result)

ASSETS

			31-12-2021		31-12-2020
		EUR	EUR	EUR	EUR
Fixed assets					
Property, plant and equipment			2,785		3,370
Financial assets					
Shares, certificates of shares and other types of participating interests in group companies	*17*	1,384,514		1,904,958	
Receivables from group companies	*18*	-		1,308,983	
			1,384,514		3,213,941
Current assets					
Inventories and work in progress			19,939,416		12,793,591
Receivables					
Trade receivables		86,869,075		51,125,522	
Receivables from group companies	*19*	2,118,366		-	
Taxes and social security charges	*20*	-		50,260	
Other current accounts	*21*	852,529		-	
Other receivables, prepayments and accrued income		19,925		20,960	
			89,859,895		51,196,742
			111,186,610		67,207,644

EQUITY AND LIABILITIES

			31-12-2021		31-12-2020
		EUR	EUR	EUR	EUR
Equity	*22*				
Share capital paid called up		90,000		90,000	
Other legal reserves	*23*	(84,144)		(84,144)	
Other reserves		4,254,190		2,539,150	
Result for the year		3,127,889		1,715,040	
			7,387,935		4,260,046
Provisions					
Provision participations			93,797		94,616
Current liabilities, accruals and deferred income					
Payables to banks	*24*	43,226,874		34,114,979	
Trade payables	*25*	32,498,572		14,476,162	
Liabilities to group companies	*26*	3,850,000		353,759	
Payables relating to taxes and social security contributions		1,307,857		8,410	
Other liabilities and accrued expenses	*27*	22,821,575		13,899,672	
			103,704,878		62,852,982
			111,186,610		67,207,644

4.2 COMPANY-ONLY INCOME STATEMENT FOR THE YEAR 2021

		2021		2020	
		EUR	EUR	EUR	EUR
Net Turnover		370,840,685		247,557,096	
Cost of sales		(364,543,831)		(243,835,909)	
Gross margin		6,296,854		3,721,187	
Other operating income		171,513		-	
Gross margin			6,468,367		3,721,187
Wages and salaries		43,591		155,821	
Social security charges		12,105		20,552	
Depreciation of property, plant and equipment		182		332	
Other operating expenses		1,550,478		1,650,037	
Total of sum of expenses			1,606,356		1,826,742
Total of operating result			4,862,011		1,894,445
Interest and similar expenses			(834,160)		(890,218)
Total of result before tax			4,027,851		1,004,227
Income tax expense			(1,132,756)		(244,292)
			2,895,095		759,935
Share in result of participations	*28*		232,794		955,105
Total of result after tax			3,127,889		1,715,040

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

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 2021

ASSETS

FINANCIAL ASSETS

	31-12-2021	31-12-2020
	EUR	EUR
17 Shares, certificates of shares and other types of participating interests in group companies		
Vaishno Megamovers Europe B.V.	1,384,514	1,152,539
Beacon Holdings Asset Ltd.	-	752,419
	1,384,514	1,904,958

	2021	2020
	EUR	EUR
Vaishno Megamovers Europe B.V.		
Book value as at 1 January	1,152,539	857,920
Profit/(Loss)	231,975	294,619
Book value as at 31 December	1,384,514	1,152,539
Beacon Holdings Asset Ltd.		
Book value as at 1 January	752,419	98,739
Profit/(Loss)	-	661,527
Disposal participation	(758,310)	-
Translation differrences	5,891	(7,847)
Book value as at 31 December	-	752,419

	31-12-2021	31-12-2020
	EUR	EUR
18 Receivables from group companies		
Receivables from Beacon Holding Asset Ltd.	-	1,308,983

CURRENT ASSETS

Receivables

	31-12-2021	31-12-2020
	EUR	EUR
19 Receivables from group companies		
Vaishno Megamovers Europe B.V.	2,118,366	-
20 Taxes and social security charges		
Value added tax	-	50,260

	31-12-2021	31-12-2020
	EUR	EUR
21 Other current accounts		
Other current account	852,529	-

EQUITY AND LIABILITIES

22 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 2021	90,000	(84,144)	2,539,150	1,715,040	4,260,046
Change from net income	-	-	-	(1,715,040)	(1,715,040)
Result for the year	-	-	-	3,127,889	3,127,889
Appropriation of result	-	-	1,715,040	-	1,715,040
Balance as at 31 December 2021	90,000	(84,144)	4,254,190	3,127,889	7,387,935

23 Other legal reserves

	2021	2020
	EUR	EUR
Currency translation reserve		
Balance as at 1 January	(84,144)	(76,297)
Currency translation differences	-	(7,847)
Balance as at 31 December	(84,144)	(84,144)

	31-12-2021	31-12-2020
	EUR	EUR
Provision intra-group holdings		
DuO Fasteners GmbH	93,797	94,616

	2021	2020
	EUR	EUR
DuO Fasteners GmbH		
Balance as at 1 January	94,616	93,575
Addition to Provision intra-group holding	(819)	1,041
Balance as at 31 December	93,797	94,616

CURRENT LIABILITIES, ACCRUALS AND DEFERRED INCOME

	31-12-2021	31-12-2020
	EUR	EUR
24 Payables to banks		
Payables to banks	43,226,874	34,114,979

Payables to banks

ING Bank N.V., current account	500,098	475,307
ING debtor Finance	39,490,896	30,403,792
ING purchasing Finance	3,235,880	3,235,880
	43,226,874	34,114,979

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.

	31-12-2021	31-12-2020
	EUR	EUR
25 Trade payables		
Accounts payable	32,498,572	14,476,162

In the accounts payables, an amount is included for € 32,393,499 (2020: € 14,895,697) that is payable to Viraj Profiles pvt Ltd.

26 Liabilities to group companies

Vaishno Megamovers Europe B.V.	-	353,759
Loan D&K Group B.V.	3,500,000	-
Loan from UBO / Mr Dhruv Neeraj Kochhar	350,000	-
	3,850,000	353,759

The loan D&K Group B.V. must be repaid by December 31, 2022 at the latest. Annual repayments have been agreed, but there are no securities and interest with regard to this loan.

	31-12-2021	31-12-2020
	EUR	EUR
27 Other liabilities and accrued expenses		
Customs disbursement charges	1,519,068	361,133
Audit fee	36,000	-
Invoiced in advance	21,097,107	13,538,539
Other liabilities	169,400	-
	22,821,575	13,899,672

Proposal appropriation of result

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

The appropriation of profit for the year 2021 in the amount of
EUR 3,127,889 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 INCOME STATEMENT FOR THE YEAR 2021

	2021 EUR	2020 EUR
28 SHARE IN RESULT OF PARTICIPATIONS		
Result of Beacon Holdings Asset Ltd.	-	661,527
Result of Vaishno Megamovers Europe B.V.	231,975	294,619
Result of DuO Fasteners GmbH	819	(1,041)
	232,794	955,105

4.6 OTHER NOTES

Average number of employees

	2021	2020
Average number of employees over the period working in the Netherlands	2.00	2.00
Average number of employees over the period	2.00	2.00

Rotterdam, 22 September 2022

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

5. OTHER INFORMATION

5.1 Reference to the auditor's opinion

The auditor's report provided with the annual accounts is hereby provided separately.

5.2 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.

5.3 INDEPENDENT AUDITOR'S REPORT

A. Report on the audit of the financial statements 2021

Our opinion
We have audited the financial statements 2021 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 2021, and of its result for 2021 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 2021;
2. the consolidated and company income statement for 2021; 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, 22 September 2022

Londen & Van Holland
Registeraccountants en Belastingadviseurs

drs. K.J. Schouten RA