

**Sudarshan Europe B.V.**  
**Amsterdam, The Netherlands**  
**Annual report for the Year 2021-22**



Address of the Company	:	Kingsfordweg 151, 1043GR Amsterdam, The Netherlands
Chamber of Commerce	:	Amsterdam
File Number	:	34288322

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## **Managing Director's Report**

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### **Corporate information and activities**

Sudarshan Europe B.V. (“Sudarshan Europe” or “the company”) is incorporated and domiciled in the Netherlands; its ultimate parent is Sudarshan Chemical Industries Limited, a company incorporated and domiciled in Pune, India. The registered and actual address of Sudarshan Europe is Kingsfordweg 151, 1043 GR Amsterdam, The Netherlands.. Sudarshan Europe is registered at the chamber of commerce under number 34288322.

The annual financial statements (“the financial statements”) were prepared for the year ended 31 March 2022, comprise the company annual financial statements prepared in accordance with Dutch GAAP.

Comparative figures were included for the year ended 31 March 2021 for the profit and loss amounts and on 31 March 2021 and 1 April 2021 for the years then ended. All amounts disclosed have been rounded to the nearest euro (“€”) unless otherwise stated.

The principal activities of the Company are marketing and the distribution of pigments. There was no significant change in the activities of the Company as compared to the previous period.

### **Developments during the financial year and outlook**

#### *Development of income and expenses*

In 2021/2022 turnover increased by 16 % to EUR 35,108,236 (2020/2021: EUR 30,139,421). The increase/decrease was a result of increase in prices.

The 2021/22 net result of the company was a profit/loss of 1,426,103 (2020/2021: 753,111 ). The decline/increase compared to 2020/2021 is the result of increase in revenue.

The increased general costs were a result of increase in business expenses.

The company employed no new people in 2021/2022. Headcount does not increases.

The company made no new investments in financial year 2021/2022. Furthermore, no new investments are expected for the foreseeable future.

During financial year 2022/2023, the company’s focus will be on increasing revenues. The Company expects to increase its market share across Europe by establishing better customer reach and by launching new products. The Sudarshan group has many new products in process and the group expects launch in the year 22-23.

### **Research and Development**

The company does engage in R&D in Germany.

## Managing Director's Report (Continued....)

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### Financial position

#### *Working capital*

Working capital is defined as all current assets less current liabilities, which provides information on the liquidity position of the company.

<b>Working capital</b>	<b><u>31-Mar-22</u></b>	<b><u>31-Mar-21</u></b>
Receivables	10,025,867	8,476,241
Cash at banks and in hand	47,354	112,505
<b>Total Current assets</b>	<b><u>10,073,221</u></b>	<b><u>8,588,746</u></b>
Current liabilities	(7,210,414)	(7,316,796)
<b>Working capital</b>	<b><u><u>2,862,807</u></u></b>	<b><u><u>1,271,950</u></u></b>

#### *Solvency*

The solvency – defined as the ratio of the equity divided by the liabilities or, alternatively, the ratio of equity divided by the sum of equity and liabilities – shows the resilience of the company. General principles for the solvency level are not available, as this depends on the nature of the company. The ratios presented below provide insight into the company's solvency.

	<b><u>2021/2022</u></b>	<b><u>2020/2021</u></b>
Ratio equity / sum of equity and liabilities	37%	31%
Ratio equity / liabilities	59%	46%

#### *Liquidity*

The liquidity – defined as the ratio of current assets divided by current liabilities – shows to what extent the company can settle its financial liabilities in the short term. The ratios presented below provide insight into the company's liquidity.

	<b><u>2021/2022</u></b>	<b><u>2020/2021</u></b>
<i>Quick ratio</i>		
Ratio receivables, securities and cash / current liabilities	1.40	1.17
<i>Current ratio</i>		
Ratio current assets / current liabilities	1.90	1.93

## Managing Director's Report (Continued....)

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### *Earning capacity*

The earning capacity of the liabilities indicates the rate of expenses compared to liabilities operative in the company. The earning capacity of the equity consists of an interest allowance for the use of the equity and an allowance for taking risks (entrepreneurs' risk). The ratios presented below provide insight into the company's earning capacity.

	<u>2021/2022</u>	<u>2020/2021</u>
Interest expenses / average liabilities	0.02	0.01
Result after taxation / average equity	0.21	0.13

### **Risks management**

#### *COVID-19*

During the financial year ended 31 December 2020, the World Health Organisation had declared the coronavirus outbreak a pandemic, the impact of which has continued throughout the reported financial year. Responding to the potentially serious threat the coronavirus presented to public health, government authorities in all jurisdictions where the company's customers operate took measures to contain the outbreak, including introducing restrictions on the cross-border movement of people, entry restrictions on foreign visitors and the 'lockdown' of certain industries. In particular, transport of people by air and road to and from certain countries affected by the coronavirus outbreaks had been suspended, schools, universities, restaurants, cinemas, theatres and museums and sport facilities, retailers (excluding food retailers, grocery stores and pharmacies) were closed. Some businesses had also instructed employees to remain at home and have curtailed or temporarily suspended business operations.

Management expects minimal impact to activities in regards to the global pandemic experienced in 2021/2022 and 2020/2021.

Management prepared these annual financial statements on a going concern basis. Based on the publicly available information at the date these annual financial statements were authorised for issue, the company has considered and further analysed the potential development of the coronavirus pandemic and its expected impact on its revenues, profits, cash flows and liquidity position and the economic environment in which the company operates, including measures already taken by the Dutch Government. Having considered potential Covid-19 disruptions not expected to lead to negative operational cash flows in the short term and having analysed the potential impact on the company's operations and long-term strategy and earnings targets, management concluded that there are no material uncertainties relating to company's ability to continue as a going concern.

**Managing Director's Report (Continued....)**

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*Currency risk*

The company is exposed to currency risk because it holds both assets and liabilities denominated in currencies other than euro, the presentation currency. It is therefore exposed to currency risk, as the value of assets and liabilities denominated in other currencies will fluctuate due to changes in exchange rates. The foreign exchange risk is mitigated as management monitors exchange rates against assets and liabilities on a regular basis. In addition, effort is made to match assets and liabilities in foreign currency against each other to reduce any foreign exchange risk.

*Credit risk*

The company does not have any significant concentrations of credit risk.

*Liquidity risk*

The risk that the company will encounter difficulty meeting its obligations associated with its financial liabilities that arises when the maturity of assets and liabilities do not match. An unmatched position potentially enhances profitability but can also increase the risk of losses.

The company has no significant concentration of liquidity risk on the basis that the company holds all cash and cash equivalents on demand.

**Subsequent events**

No events which may substantially affect the financial position of the Company and which are relevant to be included in the annual accounts have occurred after the balance sheet date.

**Signed on, ..... 2022**

Rajesh Rathi  
(Director A)

Sudarshan Chemical Industries Limited  
(Director A)

Milan Wilhelm Krumbé  
(Director A)

Vincent Alexander Bembaron  
(Director B)

**Balance sheet as at 31 March 2022**

(Before proposed appropriation of net result)

	<u>Notes</u>	<u>31 March 2022</u> Euro	<u>31 March 2021</u> Euro
<b>ASSETS</b>			
<b>Fixed assets</b>			
<b>Tangible fixed assets</b>	1	106,594	150,358
<b>Financial fixed assets</b>	2		
Participations in group companies		3,414,611	3,414,611
Loan to group companies		<u>893,330</u>	398,931
<b>Total fixed Assets</b>		<b>4,414,535</b>	<b>3,963,900</b>
<b>Current assets</b>			
<b>Inventories</b>	3		
Finished goods		3,660,278	5,527,269
		<b>3,660,278</b>	<b>5,527,269</b>
<b>Receivables</b>			
Trade debtors	4	9,951,668	8,355,838
Other receivables	5	11,548	11,548
Prepayments and accrued income	6	<u>62,652</u>	<u>108,854</u>
		<b>10,025,867</b>	<b>8,476,241</b>
<b>Cash at Bank</b>	7	<b>47,354</b>	<b>112,505</b>
<b>Total Current Assets</b>		<b>13,733,499</b>	<b>14,116,015</b>
<b>Total Assets</b>		<u><u><b>18,148,035</b></u></u>	<u><u><b>18,079,916</b></u></u>

**Balance sheet as at 31 March 2022**

(Before proposed appropriation of net result)

	<u>Notes</u>	<u>31 March 2022</u> Euro	<u>31 March 2021</u> Euro
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>	8		
Share capital paid up and called up		2,810,000	2,810,000
Retained earnings		2,484,468	2,124,757
Result for the period		<u>1,426,103</u>	<u>753,111</u>
		<b>6,720,571</b>	<b>5,687,868</b>
<b>Long term liabilities</b>			
Amount due to credit institutions	9	<u>4,217,050</u>	<u>5,075,253</u>
		<b>4,217,050</b>	<b>5,075,253</b>
<b>Short term liabilities</b>			
Trade creditors	10	6,353,366	6,522,151
Taxes and social security contributions	11	131,614	115,935
Amounts due for employees benefits (pension)		-	-
Accrued liabilities and deferred income	12	420,921	602,281
Other current liabilities	13	<u>304,513</u>	<u>76,428</u>
		<b>7,210,414</b>	<b>7,316,796</b>
<b>Total equity and liabilities</b>		<u><u>18,148,035</u></u>	<u><u>18,079,916</u></u>



**Profit and loss account for the financial year 2021/2022**

	<u>Notes</u>	<u>2021-22</u> EUR	<u>2020-21</u> EUR
<b>Net turnover</b>	14	35,108,236	30,139,421
Other income	15	13,444	27,375
<b>Total income</b>		<u>35,121,680</u>	<u>30,166,796</u>
<b>Cost of goods sold</b>		<b>(30,656,814)</b>	<b>(26,421,020)</b>
<b>Operating expenses</b>			
Wages and salaries	16	(1,081,938)	(1,187,718)
Social security costs	17	(150,752)	(191,459)
Depreciation	18	(44,763)	(39,326)
General and administrative expenses	19	(1,202,611)	(1,247,659)
<b>Total operating expenses</b>		<u>(2,480,063)</u>	<u>(2,666,162)</u>
<b><i>Operating profit/(loss)</i></b>		<u><b>1,984,803</b></u>	<u><b>1,079,614</b></u>
Financial cost	20	(117,071)	(108,132)
<b>Result before taxation</b>		<u><b>1,867,732</b></u>	<u><b>971,482</b></u>
Corporate income tax	21	(441,629)	(218,371)
<b>Result after taxation</b>		<u><u><b>1,426,103</b></u></u>	<u><u><b>753,111</b></u></u>

**Cash Flow Statement for the financial year 2021-22**

	<b>1-Apr-21 to 31-Mar-2022</b>	<b>1-Apr-20 to 31-Mar-2021</b>
	<b>Euro</b>	<b>Euro</b>
<b>Operating activities</b>		
Profit/(loss) for the period	<b>1,426,103</b>	<b>753,111</b>
<b>Changes in working capital</b>		
Decrease/ (Increase) in current assets	317,365	(2,043,172)
(Decrease)/ Increase in current liabilities	(106,381)	1,601,442
Depreciation	44,763	39,326
<b>Cash generated from/(used in) operating activities</b>	<b>1,681,850</b>	<b>350,707</b>
<b>Investing activities</b>		
Amount paid for purchase of tangible fixed assets	(999)	(57,419)
Investment in subsidiary	(494,399)	(265,557)
<b>Cash generated from/(used in) investing activities</b>	<b>(495,398)</b>	<b>(322,976)</b>
<b>Financing activities</b>		
Proceeds from loan from credit institutions	(858,202)	40,541
Dividend paid	(393,400)	-
<b>Cash generated from/ (used in) financing activities</b>	<b>(1,251,602)</b>	<b>40,541</b>
Net increase/ (decrease) in cash and cash equivalents	(65,151)	68,272
Cash and cash equivalents at the beginning of the year	112,505	44,233
<b>Cash and cash equivalents at the end of the year</b>	<b>47,354</b>	<b>112,505</b>

**General**

The Company is a private limited liability company ('besloten vennootschap'), having its statutory seat in Amsterdam, and its registered address at Kingsfordweg 151, 1043 GR Amsterdam, The Netherlands. The Company is registered at the chamber of commerce under number 34288322.

The Company was incorporated on 5 December 2007. The principal activities of the Company are the marketing and distribution of pigments.

In view of the fact that the Company's activities are denominated primarily in Euro, thus annual accounts are prepared in Euro, the Company's functional currency.

**Going concern**

These financial statements have been prepared on a going concern basis, which basis for valuation and determination of results assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business.

The equity of the Company amounted to Euro 6,720,570.

**Basis of presentation**

The accompanying accounts have been prepared in accordance with EU-directives as implemented in Title 9, Book 2 of the Dutch Civil Code and the firm pronouncements in the Guidelines for Annual Reporting in the Netherlands as issued by the Dutch Accounting Standards Board.

**Consolidation**

In conformity with article 408 of the Dutch Civil Code, Book 2, Title 9, the Company will not prepare consolidated annual accounts as the annual accounts of the Company together with its interest in group entities are included in the consolidated annual accounts of Sudarshan Chemical Industries Ltd having its statutory seat in Pune, Maharashtra, India. These consolidated accounts are filed with the Chamber of Commerce in Amsterdam.

**Related party transactions**

An entity is considered a related party if any of the following conditions prevail:

The financial and operating activities are controlled by the Company or are controlled by the same party, which includes common control, joint control or significant influence.

The entity and the reporting entity are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

Transaction with related parties were made on terms equivalent to those that prevail in arm's length transaction.

**Translation of foreign currencies**

The functional and reporting currency of the Company is Euro.

All monetary assets and liabilities denominated in foreign currencies have been converted into EUR at the rate of exchange prevailing at the balance sheet date, where as non-monetary assets denominated in foreign currencies are translated at historical rate when the transaction took place. All transactions denominated in foreign currency made during the year under review are accounted for at the official rate of exchange prevailing on or around the date of the transaction took place. Foreign exchange gains and losses arising as a result of the application of the above accounting policies are disclosed separately in the profit and loss account.

Exchange rates used in the financial statements are:

	<b>31-Mar-22</b>	<b>31-Mar-21</b>
1 EUR = USD (US Dollar)	1.1109	1.1721
1 EUR = GBP (Great Britain Pound)	0.7855	0.8518

\* It is buying exchange rate used for assets translation. \*\* It is selling exchange rate used for liabilities translation.

**Accounting policies**

The financial statements have been prepared in accordance with the statutory provisions of Title 9, Book 2 of the Dutch Civil Code and the firm pronouncements in the Guidelines for Annual Reporting in the Netherlands as issued by the Dutch Accounting Standards Board.

Valuation of assets and liabilities and determination of the result takes place under the historical cost convention. Unless presented otherwise, the relevant principle for the specific balance sheet item, assets and liabilities are presented at face value. Income and expenses are accounted for on accrual basis.

**Tangible Fixed Assets**

Tangible assets are held for use in the production or supply of goods and services. It is measured initially at cost. Subsequent measurement carried at cost less accumulated depreciation and any impairment losses.

Depreciation is provided on a straight line basis over the expected useful lives. Cost includes payment made for installation of Plant & Machinery. Accordingly, all costs that lead to discovery, acquisition and development of assets are capitalized.

In addition to this, the revaluation model is allowed, in which classes of assets are carried at a revalued amount less any accumulated depreciation and subsequent accumulated impairment losses. A revaluation reserve is recognised for the difference between the cost price (taking into account any accumulated depreciation and impairment losses) and the revalued amount.

**Financial fixed assets**

The company applies for article 2:408 of the Netherlands Civil Code and makes use of the option to value its participations in group companies at cost, or lower market value.

**Impairment of value**

Assets with a long life are reviewed for any impairment in value in case of changes or circumstances arising which leads to an indication that the book value of the assets will not be recovered. The recoverability of assets in use is determined by comparing the book value of an asset with the estimated present value of the future net cash flows which the asset is expected to generate. If the book value of an asset exceeds the estimated present value of the future cash flows, impairment is charged to the difference between the book value and the recoverable amount.

**Inventories**

Inventory is valued at lower of cost and net realisable value. Cost is determined using weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses.

**Receivables**

Upon initial recognition the receivables are valued at fair value and then valued at amortized cost. Provisions deemed necessary for possible bad debt losses are deducted. These provisions are determined by individual assessment of the receivables. Trade debtors are shown at face value less a provision for doubtful debts.

**Cash and cash equivalents**

Cash and cash equivalents comprise of cash at bank. Cash at bank are stated at nominal value and are at the free and unrestricted disposal of the Company.

**Shareholders' equity**

Financial instruments that are designated as equity instruments by virtue of the economic reality are presented under shareholders' equity. Payments to holders of these instruments are deducted from the shareholder's equity as a part of the profit distribution.

Equity share capital consist of ordinary shares.

Financial instruments that are designated as a financial liability by virtue of the economic reality are presented under liabilities. Interest, dividends, income and expenditure with respect to these financial instruments are recognized in the profit and loss as financial income or expense.

**Long term liabilities**

Long-term liabilities are long-term financial obligations listed on a company's balance sheet, that are not due for settlement within one year after balance sheet date. Initially, financial liabilities are recognized at fair value. Subsequently measured at amortized cost, being the amount received taking into account premiums or discounts and minus transaction costs. Transaction costs which can be directly attributed to the acquisition of the long-term debts are included in the initial recognition.

**Short term liabilities**

Short-term liabilities, are short-term financial obligations listed on a company's balance sheet that are due for settlement within one year after balance sheet date. Financial liabilities are recognized 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, less transaction costs. This usually is the nominal value.

**Net turnover**

Revenues from the goods supplied are recognised when all significant risks and rewards in respect of the goods have been transferred to the buyer.

**Cost of goods sold**

Cost of sales represents the direct and indirect expenses attributable to revenue.

**Other income**

In other income results are recognized which are not directly linked to the supply of goods or services as part of the normal, non-incident operations.

**Employee expenses**

Salaries, wages and social security contributions are charged to the income statement based on the terms of employment, where they are due to employees and the tax authorities respectively.

**Financial cost**

Interest income and expenses are recognised on a pro rata basis, taking account of the effective interest rate of the assets and liabilities to which they relate. In accounting for interest expenses, the recognised transaction expenses for loans received are taken into consideration.

Currency translation differences arising upon the settlement or conversion of monetary items are recognised in the income statement in the period that they are realised

**Depreciation and amortization**

Depreciation of equipment is based at cost. Depreciation is provided on a straight-line basis over the expected useful lives.

**Provisions**

Provisions are formed for liabilities which are deemed probable or certain at the balance sheet date, but which are still unknown as to the amount or timing of outflow of funds.

## **Notes to the Financial Statements (continued)**

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### **Corporate income tax**

Corporate income tax is calculated at the applicable rate on the result for the financial year, taking into account permanent differences between profit calculated according to the financial statements and profit calculated for taxation purposes. Temporary differences between the reporting for tax purposes and the financial statements are recognized as deferred taxes based on the current tax rate. Deferred tax assets and liabilities are netted. Net deferred tax assets will be included in the balance sheet if actual realization is assumed probable by the Company's management.

Corporate income tax expense comprises current and deferred tax. Current tax is the expected tax payable on the taxable income for the year and any adjustment to tax payable in respect of previous years. Corporate income tax expense is recognized in the profit and loss account except to the extent that it relates to items recognized directly in equity.

Tax on result is calculated by applying the current rate on the result for the financial period in the profit & loss account, taking into account tax losses carry-forward and tax exempt elements and after inclusion of non-deductible costs.

### **Revenue Recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at fair value of consideration received or receivable, after deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government which are levied on sales as BTW etc.

### **Financial instruments**

Our policy is to manage the risks we are exposed to, including, but not limited to the market risk (including currency risk, fair value, interest and price risk), credit risk, liquidity risk and cash flow interest rate risk. Our strategy is to systematically monitor and understand the impact of changing market conditions on our result and cash flow and to initiate preventive actions when required.

### **Interest rate risk**

The long term receivables and loans from the Company have floating as well fixed interest rates which the Company runs risk on. The risk related to the floating rate result in a fluctuated interest cash flow and the risk related to the fixed rates result in fluctuated market values of the applicable loans.

### **Foreign currency exchange risk**

The Company is exposed to the risk that the exchange rate of its functional currency Euro relates to foreign currency may change in a manner that has a significant effect on the expenses and gains of the Company.

	<u>31 March 2022</u> EUR	<u>31 March 2021</u> EUR
<b>1 Tangible fixed assets</b>		
<b>1.1 Computers and Equipment</b>		
Balance as at 1 April	9,522	13,480
Investments	999	-
Depreciation	(4,109)	(3,958)
Balance as at 31 March	<u>6,412</u>	<u>9,522</u>
Historical cost	22,842	21,843
Disposals	-	-
Accumulated depreciation	(16,430)	(12,321)
Book value	<u>6,412</u>	<u>9,522</u>
<b>1.2 Machinery</b>		
Balance as at 1 April	140,836	118,785
Investments	-	57,420
Depreciation	(40,654)	(35,369)
	<u>100,182</u>	<u>140,836</u>
Historical cost	203,272	203,272
Disposals	-	-
Accumulated depreciation	(103,090)	(62,436)
Book value	<u>100,182</u>	<u>140,836</u>
<b>Total (1.1 + 1.2)</b>	<u><u>106,594</u></u>	<u><u>150,358</u></u>
In the year 2021-22, the Company has purchased Laptop for Euro 999. Depreciation of the tangible fixed assets is based on a fixed percentage of the cost price, being 20% .		
<b>2 Foreign participations</b>		
<b>2.1 Sudarshan Mexico S. DE R.L. DE C.V.</b>	<u>149</u>	<u>149</u>
	<u><u>149</u></u>	<u><u>149</u></u>
<b>2.2 Sudarshan North America, Inc., United States of America</b>	3,414,462	3,148,905
Additions during the year	-	265,557
	<u>3,414,462</u>	<u>3,414,462</u>
<b>2.3 Loan receivable from Sudarshan North America, Inc.</b>	<u>893,330</u>	<u>398,931</u>
	<u><u>893,330</u></u>	<u><u>398,931</u></u>
<b>Total (2.1 + 2.2+2.3)</b>	<u><u>4,307,941</u></u>	<u><u>3,813,542</u></u>

			<u>31 March 2022</u>	<u>31 March 2021</u>	
			EUR	EUR	
<b>2 Foreign participations (Contd...)</b>					
<b><u>Name and Legal Seat</u></b>	<b><u>Owned</u></b>	<b><u>Share in net equity (USD)</u></b>	<b><u>Share in net equity (Euro)</u></b>	<b><u>Share in net result (USD)</u></b>	<b><u>Share in net result (Euro)</u></b>
Sudarshan North America, Inc. USA	100%	1,536,721	1,383,186	822,115	739,977
Sudarshan Mexico S. de R.L. de C.V.	99%	466,939	420,287	442,718	398,486
<b>Loan receivable from Sudarshan North America, Inc.</b>					
Opening balance as at 1 April				387,901	37,104
Additions during the year				467,368	387,901
Repayment during the year				-	(37,104)
Interest received during the year				-	-
				<u>855,269</u>	<u>387,901</u>
<b>Total</b>				<u><b>855,269</b></u>	<u><b>387,901</b></u>
<b>Interest receivable from Sudarshan North America, Inc.</b>					
Opening balance as at 1 April				11,030	1,094
Interest accrued during the year				27,031	9,936
Repayment during the year				-	-
Interest received during the year				-	-
				<u>38,061</u>	<u>11,030</u>
<b>Total</b>				<u><b>893,330</b></u>	<u><b>398,931</b></u>
During year 2020-21, Company has provided an additional loan of EUR 387,901 (equivalent to USD 450,000) bearing interest @ 5% for 3 years. During this year, the company has provided additional loan of Eur 467,368 (equivalent to USD 500,000) bearing interest @ 5% for 3 years.					
<b>3 Inventory</b>					
Finished goods and goods for resale				2,440,561	3,419,449
Prepayments for inventory				1,219,717	2,107,820
				<u>3,660,278</u>	<u>5,527,269</u>
<b>4 Trade Debtors</b>					
Debtors				10,054,346	8,470,296
Provision for doubtful debts				(102,678)	(114,458)
				<u>9,951,668</u>	<u>8,355,838</u>
<b>5 Other receivables</b>					
Security deposit				11,548	11,548
				<u>11,548</u>	<u>11,548</u>
<b>6 Prepayments and accrued income</b>					
Prepaid expenses				21,571	51,553
Other asset				41,080	23,934
Advance tax				-	33,367
				<u>62,652</u>	<u>108,854</u>
<b>7 Cash at Bank</b>					
HSBC -Current A/C (GBP)	GBP	67,575		28,865	86,738
HSBC -Current A/C (USD)	USD	27,318		725	22,642
HSBC -Current A/C (EUR)				17,763	3,125
				<u>47,354</u>	<u>112,505</u>

Cash at Bank are at free disposal of the company.



**8 Shareholders' equity**

	<u>Share capital paid up and called up</u>	<u>Retained Earnings</u>	<u>Results</u>	<u>Total</u>
Balance as at 1 April 2021	2,810,000	2,124,757	753,111	5,687,868
Allocation result	-	753,111	(753,111)	-
Profit for the year	-	-	1,426,103	1,426,103
Dividend	-	(393,400)	-	(393,400)
Balance as at 31 March 2022	<u><u>2,810,000</u></u>	<u><u>2,484,468</u></u>	<u><u>1,426,103</u></u>	<u><u>6,720,571</u></u>

The issued and paid-up share capital amounts to Euro 2,810,000 and consists of 28,100 ordinary shares with a nominal value of Euro 100 each.

In the meeting of Board of Directors held on 23rd April 2021 it was decided to transfer the result for the year 2020-21 to retained earnings.

**9 Amount due to credit institutions**

	<u>31 March 2022</u> EUR	<u>31 March 2021</u> EUR
Loan payable to HSBC bank	4,217,050	5,075,253
	<u><u>4,217,050</u></u>	<u><u>5,075,253</u></u>

Loan is in the form of cash credit facility from HSBC London UK, branch. Interest rate is base rate plus margin of 3.25% P.A. this facility is upto Euro 6 Million and having no maturity.

In the year, 2017-18 an amendment to loan was made pertaining to decrease in the interest rate from 3.25% to 1.5%.

As security of the prompt payment of the secured obligations towards loan, the pledgor (SEBV) agrees to grant a right of pledge over the Collateral securities, which the pledgee (HSBC Bank plc) agrees to accept, being:

- i) A non-possessory right of pledge over the Inventory,
- ii) A disclosed right of pledge over the Bank account rights, and
- iii) An undisclosed right of pledge over the Receivables other than those listed under (ii) above.

**Notes to the Financial Statements (continued)**

	<u>31 March 2022</u> EUR	<u>31 March 2021</u> EUR
<b>10 Trade creditors</b>		
Creditors <i>(including group companies)</i>	6,353,366	6,522,151
	<u><b>6,353,366</b></u>	<u><b>6,522,151</b></u>
Sudarshan Chemicals Industries Limited	6,185,474	6,318,890
Sudarshan North America Inc.	12,144	44,831
<p>Amount payable to Sudharshan Chemicals Industries Ltd consist of invoices for goods purchased &amp; accumulated interest and various payments are made on behalf of the Company.</p>		
<b>11 Taxes and social security contribution</b>		
<b><i>Wage tax</i></b>		
Dutch wage tax	0	5,640
<b><i>Value Added Tax</i></b>		
Dutch VAT payable	77,365	70,699
UK VAT payable	0	515
Danish VAT payable	53,833	34,957
<b><i>Social security premium</i></b>		
German Social Insurance levies	913	1,733
<b><i>With-holding tax payable</i></b>		
Italy with-holding tax	(497)	2,391
	<u><b>131,614</b></u>	<u><b>115,935</b></u>
<b>12 Accrued liabilities and deferred income</b>		
Accrued expenses	420,921	602,281
	<u><b>420,921</b></u>	<u><b>602,281</b></u>
<b>13 Other liabilities</b>		
Custom duty payable	62,684	65,158
Holiday allowance payable	11,229	11,270
Provision for Corporate income tax	230,600	-
	<u><b>304,513</b></u>	<u><b>76,428</b></u>

**Notes to the Financial Statements (continued)**

	<b>2021-22</b>	<b>2020-21</b>
	<b>EUR</b>	<b>EUR</b>
<b>14 Turnover</b>		
Domestic Sales	3,277,789	4,672,696
Sales within EU	14,980,192	12,981,461
Sales outside EU	2,829,111	1,537,406
High Sea sales	14,021,144	10,947,858
	<b><u>35,108,236</u></b>	<b><u>30,139,421</u></b>
<b>15 Other Income</b>		
Miscellaneous income	13,444	27,375
	<b><u>13,444</u></b>	<b><u>27,375</u></b>
<b>16 Wages and salaries</b>		
Wages & Salaries	(1,056,296)	(1,158,233)
Pension fund	(25,642)	(29,485)
	<b><u>(1,081,938)</u></b>	<b><u>(1,187,718)</u></b>
<b>17 Social security costs</b>		
Social security costs	(150,752)	(191,459)
	<b><u>(150,752)</u></b>	<b><u>(191,459)</u></b>
<b>18 Depreciation</b>		
Depreciation on Computer	(4,109)	(3,958)
Depreciation on Plant and Machinery	(40,654)	(35,368)
	<b><u>(44,763)</u></b>	<b><u>(39,326)</u></b>
<b>19 General and administrative expenses</b>		
Advertising and Publicity	(2,992)	(6,751)
Audit fee	(20,000)	(30,400)
Bad debts	11,779	-
Car- Repair and Maintenance expenses	(9,492)	(10,370)
Commissions on sales and other fees	(38,895)	(63,268)
Insurances	(14,042)	(19,764)
Logistics costs	(516,909)	(508,401)
Other general expenses	(88,159)	(57,407)
Other sales expenses and discounts	(58,842)	(55,597)
Postage and Courier charges	(14,457)	(4,848)
Professional, Legal and Consultancy charges	(209,558)	(289,004)
Rent	(187,880)	(189,266)
Telephone and Internet expenses	(9,505)	(14,769)
Travelling expenses	(43,660)	2,186
	<b><u>(1,202,611)</u></b>	<b><u>(1,247,659)</u></b>

	<u>2021-22</u> EUR	<u>2020-21</u> EUR
<b>20 Financial cost</b>		
<b>Financial income</b>		
Interest on loan	27,031	9,936
	<u>27,031</u>	<u>9,936</u>
<b>Financial expenses</b>		
Bank charges	(26,297)	(22,803)
Currency exchange results	(14,503)	(4,889)
Guarantee commission to shareholder	(25,826)	(21,518)
Interest to financial institutions	(77,477)	(68,859)
	<u>(144,102)</u>	<u>(118,069)</u>
	<u><b>(117,071)</b></u>	<u><b>(108,132)</b></u>
<b>21 Corporate Income Tax</b>		
Corporate income tax	(441,629)	(218,371)
	<u><b>(441,629)</b></u>	<u><b>(218,371)</b></u>
<b>22 Related party transactions</b>		
Purchases from SCIL, India	27,963,604	23,927,711
Purchases from Sudarshan North Ame	12,474	47,130
Sales to Sudarshan Mexico S. DE R.L. C	-	17,853
Sales to Sudarshan North America, Inc	7,834	45,151
Sales to SCIL, India	118,543	190,795
Loan to Sudarshan North America, Inc., U.S.A	467,368	387,901
Repayment of loan to Sudarshan North America, Inc., U.S.A	-	(37,104)
Investment in Sudarshan North America, Inc., U.S.A	-	265,557
	<u><b>28,569,822</b></u>	<u><b>24,844,994</b></u>
<b>23 Contingent liabilities</b>		
There is no contingent liability during the year.		

**Notes to the Financial Statements (continued)**

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**24 Average number of employees**

During the year 2021-22, the Company had 11 employees (2020-21: 13 FTE)

**25 Subsequent events**

No events which may substantially affect the financial position of the Company and which are relevant to be included in the annual accounts have occurred after the balance sheet date.

**26 Directors' remuneration**

The gross salary given to the directors during the year is EUR 309K (2020-21: Eur 305K)

\_\_\_\_\_2022

Rajesh Rathi  
(Director A)

Sudarshan Chemical Industries Limited  
(Director A)

Milan Wilhelm Krumbe  
(Director A)

Vincent Alexander Bembaron  
(Director B)

**Other information**

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**Distribution of the result according to the articles of association**

Based on the Company's articles of association the result shall be at the disposal of the general meeting of shareholders. Dividend can only be distributed to the extent that the Company's shareholders' equity exceeds the paid-up and issued share capital, plus the reserves which must be maintained by law.

**Appropriation of the result**

The Company's management proposes to add the result to the retained earnings.

**Auditors report**

Auditors report is attached on next page.

**INDEPENDENT AUDITOR'S REPORT**

To: The shareholders of Sudarshan Europe B.V.

**A. Report on the audit of the financial statements for the year ended 31 March 2022 included in the annual report*****Our opinion***

We have audited the financial statements for the year ended 31 March 2022 of Sudarshan Europe B.V. based in Amsterdam.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Sudarshan Europe B.V. as at 30 June 2021 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1. the company balance sheet as at 31 March 2022;
2. the company profit and loss account for 1 June 2021 to 31 March 2022;
3. the cash flow statement for 1 June 2021 to 31 March 2022; and
4. the notes comprising of 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 of 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 Sudarshan Europe B.V. in accordance with 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 obtained is sufficient and appropriate to provide a basis for our opinion.

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

The annual report contains other information, in addition to the financial statements and our auditor's report thereon.

The other information consists of:

1. the management report;
2. 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 all the information regarding the management report and the other 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 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 management for the financial statements***

Management 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, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

Management 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.

Management 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 engagement 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 these 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 scepticism 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 misstatement 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 misstatement 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 entity's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- concluding on the appropriateness of management'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 represent the underlying transactions and events in a manner that achieves fair presentation.

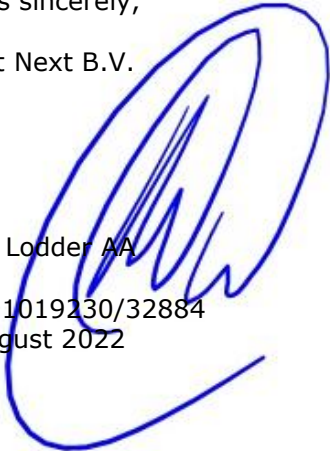
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Yours sincerely,

Audit Next B.V.

M.A. Lodder AA

Ref: 1019230/32884  
1 August 2022

A large, stylized handwritten signature in blue ink, consisting of several overlapping loops and a long horizontal stroke at the bottom.