

Sudarshan Europe B.V.
Amsterdam, The Netherlands
Annual report for the Year 2020-21

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

The Management of Sudarshan Europe B.V. ('the Company') present herewith the management report together with the annual accounts for the year 2020-21.

General

The Company is a private limited liability company ('besloten vennootschap'), having its statutory seat in Amsterdam, with its registered address at Kingsfordweg 151, 1043 GR Amsterdam, The Netherlands.

The Company was incorporated on 5 December 2007.

The Company is wholly owned by Sudarshan Chemical Industries Limited, Pune, India.

The Financial year

The financial year of the Company starts on 1 April and ends on 31 March.

Overview of activities

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.

Financial results

Shareholder's equity at the period end amounts to Euro 5,687,868 (31 March 2020: Euro 4,934,757). During the year, the Company recorded a net profit of Euro 753,111 (2019/20: Net Profit of Euro 653,451).

Future Outlook

For the next financial year the management expect no material changes in the nature of the business of the Company.

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.

Directors

During the year, Mr. Rahul Rathi has submit his resignation w.e.f. 29th January 2021. Further, Mr. Rajesh Rathi has been appointed as Director w.e.f. 23rd April 2021

Subsequent events

"The COVID-19 pandemic has disrupted various business operations across the world. The Company continues with its operations in a phased manner in line with directives from the authorities. The Company has evaluated the Impact of this pandemic on its business operations, liquidity, assets and financial position and based on management's review of current indicators and economic conditions there is no material Impact and adjustments required on its financial results as at March 31, 2021. However, the Impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration and accordingly the impact may be different from that estimated as at the date of approval of these financial results. The Company will continue to monitor any material changes to future economic conditions and its Impact, if any."

_____ 2021

Rajesh Rathi
(Director A)

Sudarshan Chemical Industries Limited
(Director A)

Milan Wilhelm Krumbe
(Director A)

Vincent Alexander Bembaron
(Director B)

Balance sheet as at 31 March 2021

(Before proposed appropriation of net result)

	<u>Notes</u>	<u>31 March 2021</u> Euro	<u>31 March 2020</u> Euro
ASSETS			
Fixed assets			
Tangible fixed assets	1	150,359	132,265
Financial fixed assets			
Participations in group companies	2	<u>3,414,611</u>	<u>3,149,054</u>
Total fixed Assets		3,564,970	3,281,319
Current assets			
Inventories			
Finished goods and goods for resale		3,419,449	3,339,159
Prepayments on inventories		<u>2,107,820</u>	<u>1,708,052</u>
		5,527,269	5,047,211
Receivables			
Trade debtors	3	8,355,838	7,090,241
Amounts due from participating interests	4	398,931	38,198
Other receivables	5	11,548	11,548
Prepayments and accrued income	6	<u>108,854</u>	<u>172,071</u>
		8,875,172	7,312,058
Cash at Bank	7	112,505	44,233
Total Current Assets		14,514,946	12,403,502
Total Assets		<u>18,079,916</u>	<u>15,684,822</u>

Balance sheet as at 31 March 2021

(Before proposed appropriation of net result)

	<u>Notes</u>	<u>31 March 2021</u> Euro	<u>31 March 2020</u> Euro
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
	8		
Share capital paid up and called up		2,810,000	2,810,000
Retained earnings		2,124,757	1,471,306
Result for the period		<u>753,111</u>	<u>653,451</u>
		5,687,868	4,934,757
Long term liabilities			
Amount due to credit institutions	9	<u>5,075,253</u>	<u>5,034,712</u>
		5,075,253	5,034,712
Short term liabilities			
Trade creditors	10	6,522,151	4,919,583
Advance from customer		-	-
Taxes and social security contributions	12	115,935	62,662
Amounts due for employees benefits (pension)		-	2,378
Accrued liabilities and deferred income		602,281	714,526
Other current liabilities	13	<u>76,428</u>	<u>16,202</u>
		7,316,795	5,715,352
Total equity and liabilities		<u>18,079,916</u>	<u>15,684,822</u>

Profit and loss account for the financial year 2020/2021

	<u>Notes</u>	<u>2020-21</u> EUR	<u>2019-20</u> EUR
Net turnover	15	30,139,421	30,015,964
Other income	16	27,375	32,274
Total income		<u>30,166,796</u>	<u>30,048,239</u>
Cost of goods sold		(26,421,020)	(25,840,690)
Operating expenses			
Wages and salaries	17	(1,187,718)	(1,477,753)
Social security costs		(191,459)	(183,950)
Depreciation		(39,326)	(30,883)
General and administrative expenses	18	(1,247,659)	(1,506,094)
Total operating expenses		<u>(2,666,162)</u>	<u>(3,198,680)</u>
Financial cost	19	(108,132)	(145,015)
Result before taxation		<u>971,482</u>	<u>863,853</u>
Corporate income tax	20	(218,371)	(210,402)
Result after taxation		<u><u>753,111</u></u>	<u><u>653,451</u></u>

Cash Flow Statement for the financial year 2020-21

	1-Apr-20 to 31-Mar-2021	1-Apr-19 to 31-Mar-2020
	Euro	Euro
Operating activities		
Profit/(loss) for the period	753,111	653,451
Changes in working capital		
Decrease/ (Increase) in current assets	(2,043,172)	(350,577)
(Decrease)/ Increase in current liabilities	1,601,442	874,591
Depreciation	39,326	30,883
Cash generated from/(used in) operating activities	350,707	1,208,348
Investing activities		
Amount paid for purchase of tangible fixed assets	(57,419)	(84,882)
Investment in subsidiary	(265,557)	(180,698)
Cash generated from/(used in) investing activities	(322,976)	(265,580)
Financing activities		
Proceeds from loan from credit institutions	40,541	(484,141)
Dividend paid	-	(421,500)
Cash generated from/ (used in) financing activities	40,541	(905,641)
Net increase/ (decrease) in cash and cash equivalents	68,272	37,127
Cash and cash equivalents at the beginning of the year	44,233	7,106
Cash and cash equivalents at the end of the year	112,505	44,233

Notes to the Financial Statements

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 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.

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.

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. Profit is only included when realized on balance sheet date. Liabilities and any losses originating before the end of the financial year are taken into account if they have become known before preparation of the financial statements.

The equity of the Company amounted to Euro 5,687,868.

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:

	31-Mar-21	31-Mar-20
1 EUR = USD (US Dollar)	1.1721	*1.1016596/**1.1015249
1 EUR = GBP (Great Britain Pound)	0.8518	*0.8922773/**0.8923929
1 EUR = INR (Indian Rupee)	85.6875	*83.0496/**83.1496

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

Property, plant and equipment

Property, Plant and Equipment (PPE) are tangible assets that are held for use in the production or supply of goods and services. PPE 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 of PPE includes payment made for installation of Plant & Machinery. Accordingly, all costs that lead to discovery, acquisition and development of PPE are capitalized.

In addition to this, the revaluation model is allowed, in which classes of PPE 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.

Subsidiaries, which are those entities in which the Company has an interest of more than half of the voting rights or otherwise has power to govern the financial and operating policies, are stated at net asset value.

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.

Impairment

On each balance sheet date, the Company 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 realizable value and the value in use. An impairment loss is directly recognized in the profit and loss account while the carrying amount of the asset concerned is concurrently reduced.

If it is established that an impairment that was recognized 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.

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.

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.

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.

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.

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.

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.

Revenue from sale of goods is recognised when all the significant risks and rewards of ownership in the goods are transferred to the buyer as per the terms of the contract.

Notes to the Financial Statements (continued)

	<u>31 March 2021</u> EUR	<u>31 March 2020</u> EUR
1 Tangible fixed assets		
1.1 Computers and Equipment		
Balance as at 1 April	18,028	15,593
Investments	-	6,250
Depreciation	(3,958)	(3,815)
Balance as at 31 March	<u>14,070</u>	<u>18,028</u>
Purchase value	21,843	21,843
Disposals	-	-
Accumulated depreciation	(12,321)	(8,363)
Book value	<u>9,522</u>	<u>13,480</u>
1.2 Machinery		
Balance as at 1 April	118,785	67,220
Investments	57,420	78,633
Depreciation	(35,368)	(27,068)
	<u>140,837</u>	<u>118,785</u>
Purchase value	176,205	145,853
Disposals	-	-
Accumulated depreciation	(62,436)	(27,068)
Book value	<u>113,769</u>	<u>118,785</u>
Total (1.1 + 1.2)	<u><u>150,359</u></u>	<u><u>132,265</u></u>

In the year 2020-21, the Company has purchased machines for Euro 57,420. Depreciation of the tangible fixed assets is based on a fixed percentage of the cost price, being 20% .

2 Foreign participations

2.1 Sudarshan Mexico S. DE R.L. DE C.V.	149	149
	<u>149</u>	<u>149</u>

In the year 2017-18, the Company has made an investment in its 99% subsidiary Sudarshan Mexico S. DE R.L. DE C.V. In conformity with article 408 of the Dutch Civil code, the participations have been valued at cost price.

2.2 Sudarshan North America, Inc., United States of America	3,148,905	2,968,207
Additions during the year	265,557	180,698
	<u>3,414,462</u>	<u>3,148,905</u>
Total (2.1 + 2.2)	<u><u>3,414,611</u></u>	<u><u>3,149,054</u></u>

In the year 2020-21 the Company invested Euro 265,557 towards investments in Sudarshan North America, Inc. United States of America.

			<u>31 March 2021</u>	<u>31 March 2020</u>	
			EUR	EUR	
2 Foreign participations (Contd...)					
<u>Name and Legal Seat</u>	<u>Owned</u>	<u>Share in net equity (USD)</u>	<u>Share in net equity (Euro)</u>	<u>Share in net result (USD)</u>	<u>Share in net result (Euro)</u>
Sudarshan North America, Inc. USA	100%	714,606	609,559	357,302	304,779
Sudarshan Mexico S. de R.L. de C.V.	99%	20,468	17,459	(15,349)	(13,093)
3 Trade Debtors					
Debtors			8,470,296	7,204,699	
Provision for doubtful debts			(114,458)	(114,458)	
			8,355,838	7,090,241	
4 Amounts due to participating interests					
Loan receivable from Sudarshan North America, Inc.					
Opening balance as at 1 April			38,198	880	
Additions during the year			387,901	111,111	
Repayment during the year			(37,104)	(74,086)	
Interest accrued during the year			9,936	293	
			398,931	38,198	
Total			398,931	38,198	
<p>In the year 2019-20, the Company has given a loan of EUR 111,111 to Sudarshan North America Inc. USA bearing interest of 5% out of which EUR 74,086 has been received in that year. During the year 2020-21, Company has received rest of the principle amount i.e., EUR 37,104. Also, Company has provided an additional loan of EUR 387,901 (equivalent to USD 450,000) bearing interest @ 5%.</p>					
5 Other receivables					
Security deposit			11,548	11,548	
			11,548	11,548	
6 Prepayments and accrued income					
Prepaid expenses			51,553	83,495	
Other asset			23,934	15,204	
Advance to suppliers			-	-	
Advance tax			33,367	73,372	
			108,854	172,071	
7 Cash at Bank					
HSBC -Current A/C (GBP)	GBP	67,575	86,738	20,295	
HSBC -Current A/C (USD)	USD	27,318	22,642	10,319	
HSBC -Current A/C (EUR)			3,125	13,619	
			112,505	44,233	

8 Shareholders' equity

	Share capital paid up and called up	Retained Earnings	Results	Total
Balance as at 1 April 2020	2,810,000	1,471,306	653,451	4,934,757
Allocation result	-	653,451	(653,451)	-
Profit for the year	-	-	753,111	753,111
Dividend	-	-	-	-
Balance as at 31 March 2021	<u>2,810,000</u>	<u>2,124,757</u>	<u>753,111</u>	<u>5,687,868</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 _____ it was decided to transfer the result for the year 2019-20 to retained earnings.

9 Amount due to credit institutions

	<u>31 March 2021</u> EUR	<u>31 March 2020</u> EUR
Loan payable to HSBC bank	5,075,253	5,034,712
	<u>5,075,253</u>	<u>5,034,712</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 2021</u>	<u>31 March 2020</u>
	EUR	EUR
10 Trade creditors		
Creditors	6,522,151	4,982,836
Other (trade) creditors	-	(63,253)
	<u>6,522,151</u>	<u>4,919,583</u>

Amount payable to Sudharshan Chemicals Industries Ltd consist of invoices for goods purchased & accumulated interest and various payments are made on behalf of the Company.

11 Taxes and social security contribution***Wage tax***

Dutch wage tax	5,640	6,146
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Value Added Tax

Dutch VAT payable	70,699	25,960
UK VAT payable	515	1,228
Danish VAT payable	34,957	25,107

Social security premium

France Social Insurance levies	-	488
German Social Insurance levies	1,733	-
Finland Social Insurance levies	-	3,733

With-holding tax payable

Italy with-holding tax payable	2,391	-
	<u>115,935</u>	<u>62,662</u>

Notes to the Financial Statements (continued)

	<u>31 March 2021</u>	<u>31 March 2020</u>
	EUR	EUR
12 Other liabilities		
Custom duty payable	65,158	-
Holiday allowance payable	11,270	11,940
Net Salaries Payable - DE	-	4,262
	<u>76,428</u>	<u>16,202</u>
13 Related party transactions		
Purchases from SCIL, India	23,927,711	25,541,242
Purchases from Sudarshan North America, Inc., U.S.A	47,130	27,598
Sales to Sudarshan Mexico S. DE R.L. DE C.V.	17,853	18,289
Sales to Sudarshan North America, Inc., U.S.A	45,151	27,753
Sales to SCIL, India	190,795	-
Loan to Sudarshan North America, Inc., U.S.A	387,901	111,111
Repayment of loan to Sudarshan North America, Inc., U.S.A	(37,104)	(74,086)
Investment in Sudarshan North America, Inc., U.S.A	265,557	180,698
	<u>24,844,994</u>	<u>25,832,605</u>

Notes to the Financial Statements (continued)

	<u>2020-21</u>	<u>2019-20</u>
	EUR	EUR
14 Turnover		
Organic sales	30,139,421	30,015,964
	<u>30,139,421</u>	<u>30,015,964</u>
15 Other Income		
Miscellaneous income	-	32,274
	<u>-</u>	<u>32,274</u>
16 Wages and salaries		
Wages & Salaries	(1,187,718)	(1,461,876)
Pension premium expenses	-	(15,878)
	<u>(1,187,718)</u>	<u>(1,477,753)</u>
17 General and administrative expenses		
Advertising and Publicity	(6,751)	(39,622)
Audit fee	(30,400)	(19,560)
Bad debts	-	(15,534)
Car- Repair and Maintenance expenses	(10,370)	(9,600)
Commissions on sales and other fees	(63,268)	(71,473)
Fines and Penalty	-	(872)
Insurances	(19,764)	(24,890)
Logistics costs	(508,401)	(485,691)
Other general expenses	(57,407)	(24,821)
Other sales expenses and discounts	(55,597)	(51,956)
Postage and Courier charges	(4,848)	(8,549)
Professional, Legal and Consultancy charges	(289,004)	(311,655)
Rates and taxes	-	(494)
Rent	(189,266)	(167,251)
Telephone and Internet expenses	(14,769)	(10,406)
Travelling expenses	2,186	(263,720)
	<u>(1,247,659)</u>	<u>(1,506,094)</u>

	<u>2020-21</u>	<u>2019-20</u>
	EUR	EUR
18 Financial cost		
Financial income		
Interest on loan	9,936	293
	<u>9,936</u>	<u>293</u>
Financial expenses		
Bank charges	(22,803)	(26,120)
Currency exchange results	(4,889)	(15,919)
Guarantee commission to shareholder	(21,518)	(24,588)
Interest to financial institutions	(68,859)	(78,682)
	<u>(118,069)</u>	<u>(145,309)</u>
	<u>(108,132)</u>	<u>(145,015)</u>
19 Corporate Income Tax		
Corporate income tax 2019-20	-	(210,402)
Corporate income tax 2020-21	(218,371)	-
	<u>(218,371)</u>	<u>(210,402)</u>

20 Average number of employees

During the year 2020-21, the Company had 12 employees (2019-20: 13 FTE)

21 Subsequent events

“The COVID-19 pandemic has disrupted various business operations across the world. The Company continues with its operations in a phased manner in line with directives from the authorities. The Company has evaluated the Impact of this pandemic on its business operations, liquidity, assets and financial position and based on management's review of current indicators and economic conditions there is no material Impact and adjustments required on its financial results as at March 31, 2021. However, the Impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration and accordingly the impact may be different from that estimated as at the date of approval of these financial results. The Company will continue to monitor any material changes to future economic conditions and its Impact, if any.”

_____2021

Rajesh Rathi
(Director A)

Sudarshan Chemical Industries Limited
(Director A)

Milan Wilhelm Krumbe
(Director A)

Vincent Alexander Bembaron
(Director B)

Other information

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.

INDEPENDENT AUDITOR'S REPORT

To: The shareholders of Sudarshan Europe B.V.

A. Report on the audit of the financial statements 2020-2021 included in the annual report

Our opinion

We have audited the financial statements: for the year ended 31 March 2021 of Surdarshan Europe B.V., based in Rotterdam.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Sudarshan Europe B.V. as at 31 March 2021, and of its result for 1 April 2020 to 31 March 2021 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- 1 the balance sheet as at 31 March 2021;
- 2 the profit and loss account for 1 April 2020 to 31 March 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 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 have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

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.

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.

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.

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 I 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
AuditNL Oost BV



M.A. Lodder AA

Arnhem, 28 June 2021
Our ref.: 1019211/23596