

RALAEI HOLDINGS LIMITED
REPORT AND FINANCIAL STATEMENTS
31 December 2019

RALAEI HOLDINGS LIMITED

REPORT AND FINANCIAL STATEMENTS

Year ended 31 December 2019

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RALAEI HOLDINGS LIMITED

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:	Anil Kumar Kejriwal Growthpoint Holdings Limited Prithavi Raj Jindal
Company Secretary:	Trident Trust Company (Cyprus) Limited
Independent Auditors:	GAC Auditors Ltd Certified Public Accountants and Registered Auditors
Registered office:	Griva Digeni 115 Trident Centre 3101 Limassol Cyprus
Bankers:	State Bank of India
Registration number:	HE270293

RALAEEL HOLDINGS LIMITED

MANAGEMENT REPORT

The Board of Directors presents its report and audited financial statements of the Company for the year ended 31 December 2019.

Principal activities and nature of operations of the Company

The principal activities of the Company, which are unchanged from last year, are the holding of investments and the provision of finance.

Review of current position, future developments and performance of the Company's business

The Company's development to date, financial results and position as presented in the financial statements are as expected.

Principal risks and uncertainties

The principal risks and uncertainties faced by the Company are disclosed in notes 6 and 7 of the financial statements.

Existence of branches

The Company does not maintain any branches.

Results

The Company's results for the year are set out on page 6.

Dividends

The Company did not have any distributable profits as at 31 December 2019, thus the Board of Directors cannot recommend the payment of a dividend.

Share capital

There were no changes in the share capital of the Company during the year under review.

Board of Directors

The members of the Company's Board of Directors as at 31 December 2019 and at the date of this report are presented on page 1. All of them were members of the Board of Directors throughout the year ended 31 December 2019.

In accordance with the Company's Articles of Association all Directors presently members of the Board continue in office.

There were no significant changes in the assignment of responsibilities and remuneration of the Board of Directors.

Events after the reporting period

There were no material events after the reporting period, which have a bearing on the understanding of the financial statements.

Related party transactions

Disclosed in note 20 of the financial statements.

Independent Auditors

The Independent Auditors, GAC Auditors Ltd, have expressed their willingness to continue in office and a resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

By order of the Board of Directors,



Growthpoint Holdings Limited
Director

Larnaka, 3 February 2020

Independent Auditor's Report

To the Members of Ralael Holdings Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the parent company Ralael Holdings Limited (the "Company"), which are presented in pages 6 to 21 and comprise the statement of financial position as at 31 December 2019, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the parent company Ralael Holdings Limited as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

Independent Auditor's Report (continued)

To the Members of Ralael Holdings Limited

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. 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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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.
- Obtain 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' 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 the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

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

Report on Other Legal Requirements

Pursuant to the additional requirements of the Auditors Law of 2017, we report the following:

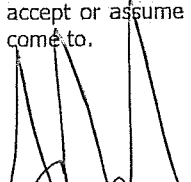
- In our opinion, the Management Report has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap 113, and the information given is consistent with the financial statements.
- In our opinion, and in the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Management Report.

Independent Auditor's Report (continued)

To the Members of Ralael Holdings Limited

Other Matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 69 of the Auditors Law of 2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.


Andri Andreou
Certified Public Accountant and Registered Auditor
for and on behalf of
GAC Auditors Ltd
Certified Public Accountants and Registered Auditors

Larnaka, 3 February 2020

RALAEEL HOLDINGS LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME Year ended 31 December 2019

	Note	2019 €	2018 €
Revenue			
Interest income		192.877	335.653
Impairment of loan receivable	12	(2.117.000)	-
Administration expenses		(13.872)	(15.847)
Exceptional item	11	(5.938.000)	(900.000)
Operating loss		(7.875.995)	(580.194)
Finance costs	9	(633.727)	(2.234.341)
Loss before taxation		(8.509.722)	(2.814.535)
Taxation	10	(1.346)	(2.153)
Net loss for the year		(8.511.068)	(2.816.688)
Other comprehensive income		-	-
Total comprehensive expense for the year		(8.511.068)	(2.816.688)

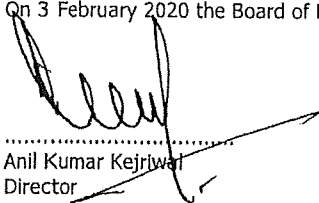
The notes on pages 10 to 21 form an integral part of these financial statements.

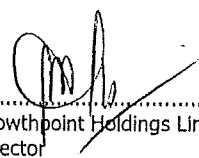
RALAEI HOLDINGS LIMITED

STATEMENT OF FINANCIAL POSITION 31 December 2019

	Note	2019 €	2018 €
ASSETS			
Non-current assets			
Investment	11	<u>3.840.000</u>	46.200.000
		<u>3.840.000</u>	<u>46.200.000</u>
Current assets			
Receivables	13	-	1.785
Loans receivable	12	2.677.245	5.601.368
Refundable taxes	19	9.612	9.612
Cash at bank	14	<u>28.339</u>	<u>11.439</u>
		<u>2.715.196</u>	<u>5.624.204</u>
Total assets		<u>6.555.196</u>	<u>51.824.204</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	15	3.725	3.725
Share premium		14.571.600	14.571.600
Accumulated losses		<u>(16.046.105)</u>	<u>(7.535.037)</u>
		<u>(1.470.780)</u>	<u>7.040.288</u>
Advances from shareholders	16	<u>675</u>	<u>675</u>
Total equity		<u>(1.470.105)</u>	<u>7.040.963</u>
Non-current liabilities			
Borrowings	17	<u>474.505</u>	<u>44.738.956</u>
		<u>474.505</u>	<u>44.738.956</u>
Current liabilities			
Creditors and accruals	18	42.880	42.132
Borrowings	17	7.505.817	-
Current tax liabilities	19	<u>2.099</u>	<u>2.153</u>
		<u>7.550.796</u>	<u>44.285</u>
Total liabilities		<u>8.025.301</u>	<u>44.783.241</u>
Total equity and liabilities		<u>6.555.196</u>	<u>51.824.204</u>

On 3 February 2020 the Board of Directors of Ralael Holdings Limited authorised these financial statements for issue.


.....
Anil Kumar Kejriwal
Director


.....
Growthpoint Holdings Limited
Director

The notes on pages 10 to 21 form an integral part of these financial statements.

RALAEEL HOLDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2019

	Share capital €	Share premium €	Advances from shareholders €	Accumulated losses €	Total €
Balance at 1 January 2018	3.725	14.571.600	675	(4.727.961)	9.848.039
Comprehensive expense					
Net loss for the year	-	-	-	(2.816.688)	(2.816.688)
Revision of prior year tax	-	-	-	9.612	-
Balance at 31 December 2018	3.725	14.571.600	675	(7.535.037)	7.040.963
Balance at 1 January 2019	3.725	14.571.600	675	(7.535.037)	7.040.963
Comprehensive expense					
Net loss for the year	-	-	-	(8.511.068)	(8.511.068)
Balance at 31 December 2019	3.725	14.571.600	675	(16.046.105)	(1.470.105)

Companies which do not distribute 70% of their profits after tax, as defined by the relevant tax law, within two years after the end of the relevant tax year, will be deemed to have distributed as dividends 70% of these profits. Special contribution for defence at 17% will be payable on such deemed dividends to the extent that the ultimate shareholders are both Cyprus tax resident and Cyprus domiciled. The amount of deemed distribution is reduced by any actual dividends paid out of the profits of the relevant year at any time. This special contribution for defence is payable by the Company for the account of the shareholders.

The notes on pages 10 to 21 form an integral part of these financial statements.

RALAEI HOLDINGS LIMITED

STATEMENT OF CASH FLOWS

Year ended 31 December 2019

	Note	2019 €	2018 €
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(8.509.722)	(2.814.535)
Adjustments for:			
Impairment charge - Investments in subsidiaries	11	5.938.000	900.000
Impairment charge - loans receivable		2.117.000	-
Interest expense	9	633.367	2.234.047
		<u>178.645</u>	<u>319.512</u>
Changes in working capital:			
Decrease/(increase) in receivables		1.784	(1.785)
Increase in creditors and accruals		748	9.865
		<u>181.177</u>	<u>327.592</u>
Cash generated from operations		<u>181.177</u>	<u>327.592</u>
Taxation paid		(1.400)	(13.150)
Net cash generated from operating activities		<u>179.777</u>	<u>314.442</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of investments in subsidiaries	11	-	(3.400.000)
Increase in loan receivable		(192.877)	-
Loans repayments received		-	1.464.347
Net cash used in investing activities		<u>(192.877)</u>	<u>(1.935.653)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		30.000	3.834.046
Interest paid		-	(2.234.047)
Net cash generated from financing activities		<u>30.000</u>	<u>1.599.999</u>
Net increase/(decrease) in cash and cash equivalents		<u>16.900</u>	<u>(21.212)</u>
Cash and cash equivalents at beginning of the year		<u>11.439</u>	<u>32.651</u>
Cash and cash equivalents at end of the year		<u>28.339</u>	<u>11.439</u>

The cash and cash equivalents include the following:

	2019 €	2018 €
Cash at bank (Note 14)	<u>28.339</u>	<u>11.439</u>
	<u>28.339</u>	<u>11.439</u>

The notes on pages 10 to 21 form an integral part of these financial statements.

RALAEEL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

1. Incorporation and principal activities

Country of incorporation

Ralael Holdings Limited (the "Company") was incorporated in Cyprus on 9 July 2010 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at Griva Digeni 115, Trident Centre, 3101 Limassol, Cyprus.

Principal activities

The principal activities of the Company, which are unchanged from last year, are the holding of Investments and the provision of finance.

2. Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap. 113.

The Company is not required by the Cyprus Companies Law, Cap.113, to prepare consolidated financial statements because the Company and its subsidiary constitute a small sized group as defined by the Law and the Company does not intend to issue consolidated financial statements for the year ended 31 December 2019.

The European Commission has concluded that since parent companies are required by the EU Accounting (2013/34/EU) Directive to prepare separate financial statements and since the Cyprus Companies Law, Cap.113, requires the preparation of such financial statements in accordance with IFRS as adopted by the EU, the provisions in IFRS 10 "Consolidated Financial statements" requiring the preparation of consolidated financial statements in accordance with IFRS do not apply.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of investment in subsidiary/financial asset through other comprehensive income.

3. Adoption of new or revised standards and interpretations

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2019. This adoption did not have a material effect on the accounting policies of the Company.

4. Significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented in these financial statements unless otherwise stated.

Going concern basis

The Company incurred a loss of €8,511,068 for the year ended 31 December 2019, and, as of that date the Company's current liabilities exceeded its current assets by €4,835,600. These conditions, indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

Subsidiary companies

Subsidiaries are entities controlled by the Company. Control exists where the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

RALAEEL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

4. Significant accounting policies (continued)

Subsidiary companies (continued)

Investments in subsidiary companies are measured at fair value and any gains or losses are recognised directly in equity, through the statement of changes in equity, except for impairment losses which are recognised in profit or loss.

Revenue

Revenues earned by the Company are recognised on the following bases:

- **Interest income**

Interest Income is recognised on a time-proportion basis using the effective interest method.

Finance costs

Interest expense and other borrowing costs are charged to profit or loss as incurred.

Taxation

Income tax expense represents the sum of the taxation currently payable and any deferred tax.

Current tax liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, by the reporting date.

Deferred tax is provided in full, using the liability method, on any material temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

Financial assets - Classification

From 1 January 2018, the Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification and subsequent measurement of debt financial assets depends on: (i) the Company's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset. On initial recognition, the Company may irrevocably designate a debt financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

For investments in equity instruments that are not held for trading, classification will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). This election is made on an investment-by-investment basis.

All other financial assets are classified as measured at FVTPL.

RALAEI HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

4. Significant accounting policies (continued)

Financial assets - Classification (continued)

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

Financial assets - Recognition and derecognition

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recorded at trade date, which is the date when the Company commits to deliver a financial instrument. All other purchases and sales are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Financial assets - impairment - credit loss allowance for ECL

From 1 January 2018, the Company assesses on a forward-looking basis the ECL for debt instruments (including loans) measured at AC and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Company measures ECL and recognises credit loss allowance at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

The carrying amount of the financial assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of profit or loss and other comprehensive income within "net impairment losses on financial and contract assets".

Debt instruments measured at AC are presented in the statement of financial position net of the allowance for ECL. For loan commitments and financial guarantee contracts, a separate provision for ECL is recognised as a liability in the statement of financial position.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at bank. Cash and cash equivalents are carried at AC because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL.

Financial assets at amortised cost

These amounts generally arise from transactions outside the usual operating activities of the Company. These are held with the objective to collect their contractual cash flows and their cash flows represent solely payments of principal and interest. Accordingly, these are measured at amortised cost using the effective interest method, less provision for impairment. Financial assets at amortised cost are classified as current assets if they are due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current assets.

Financial liabilities - measurement categories

Financial liabilities are initially recognised at fair value and classified as subsequently measured at amortised cost.

RALAEEL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

4. Significant accounting policies (continued)

Borrowings

Borrowings are recorded initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Share capital

Ordinary shares are classified as equity. The difference between the fair value of the consideration received by the Company and the nominal value of the share capital being issued is taken to the share premium account.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Non-current liabilities

Non-current liabilities represent amounts that are due more than twelve months from the reporting date.

Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

5. New accounting pronouncements

At the date of approval of these financial statements, standards and interpretations were issued by the International Accounting Standards Board which were not yet effective. Some of them were adopted by the European Union and others not yet. The Board of Directors expects that the adoption of these accounting standards in future periods will not have a material effect on the financial statements of the Company.

6. Financial risk management

Financial risk factors

The Company is exposed to interest rate risk, credit risk, liquidity risk, share ownership risk and capital risk management arising from the financial instruments it holds. The risk management policies employed by the Company to manage these risks are discussed below:

6.1 Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Company's income and operating cash flows are substantially independent of changes in market interest rates as the Company has no significant interest-bearing assets. The Company is exposed to interest rate risk in relation to its non-current borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. The Company's Management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

RALAEI HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

6. Financial risk management (continued)

At the reporting date the interest rate profile of interest-bearing financial instruments was:

	2019	2018
	€	€
Fixed rate instruments		
Financial assets	2.677.245	5.601.368
Financial liabilities	<u>(7.980.322)</u>	<u>(44.738.956)</u>
	<u>(5.303.077)</u>	<u>(39.137.588)</u>

6.2 Credit risk

Credit risk arises from cash and cash equivalents and loan receivable.

(i) Risk management

Credit risk is managed on a group basis.

For banks and financial institutions, only independently rated parties with a minimum rating of 'C' are accepted. If customers are independently rated, these ratings are used.

Otherwise, if there is no independent rating, management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual credit limits and credit terms are set based on the credit quality of the customer in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

6.3 Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company has procedures with the object of minimising such losses such as obtaining financing from the shareholder as and when required.

The following tables detail the Company's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

31 December 2019	Carrying amounts €	Contractual cash flows €	3 months or less €	3-12 months €	1-2 years €	2-5 years €	More than 5 years €
Borrowings	7.980.322	7.980.322	-	-	-	7.980.322	-
Creditors and accruals	19.956	19.956	-	19.956	-	-	-
Payables to related parties	22.924	22.924	-	22.924	-	-	-
	<u>8.023.202</u>	<u>8.023.202</u>	<u>-</u>	<u>42.880</u>	<u>-</u>	<u>7.980.322</u>	<u>-</u>
31 December 2018	Carrying amounts €	Contractual cash flows €	3 months or less €	3-12 months €	1-2 years €	2-5 years €	More than 5 years €
Borrowings	40.904.910	40.904.910	-	-	-	40.904.910	-
Creditors and accruals	19.208	19.208	-	19.208	-	-	-
Payables to related parties	22.924	22.924	-	22.924	-	-	-
Loan from parent company	7.115.292	-	-	-	-	-	-
	<u>48.062.334</u>	<u>40.947.042</u>	<u>-</u>	<u>42.132</u>	<u>-</u>	<u>40.904.910</u>	<u>-</u>

RALAEI HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

6. Financial risk management (continued)

6.4 Share ownership risk

The risk of share ownership arises from the investment in shares/participation of the Company and is a combination of credit, price and operational risk as well as the risk of compliance and loss of reputation. The Company applies procedures of analysis, measurement and evaluation of this risk in order to minimize it.

6.5 Capital risk management

Capital includes equity shares and share premium.

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged from last year.

Fair value estimation

The fair values of the Company's financial assets and liabilities approximate their carrying amounts at the reporting date.

7. Critical accounting estimates and judgments

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires Management to exercise its judgment in the process of applying the Company's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- **Going concern basis**

The Directors judge that it is appropriate to prepare the financial statements on the going concern basis.

- **Income taxes**

Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

- **Impairment of loans receivable**

The Company periodically evaluates the recoverability of loans receivable whenever indicators of impairment are present. Indicators of impairment include such items as declines in revenues, earnings or cash flows or material adverse changes in the economic or political stability of a particular country in which the borrower operates, which may indicate that the carrying amount of the loan is not recoverable. If facts and circumstances indicate that loans receivable may be impaired, the estimated future discounted cash flows associated with these loans would be compared to their carrying amounts to determine if a write-down to fair value is necessary.

RALAEEL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

7. Critical accounting estimates and judgments (continued)

- **Impairment of financial assets**

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in note 6, Credit risk section.

8. Expenses by nature

	2019	2018
	€	€
Auditor's remuneration	2.023	2.023
Professional fees	11.499	13.474
Annual levy	350	350
Total expenses	13.872	15.847

9. Finance costs

	2019	2018
	€	€
Interest expense	633.367	2.234.047
Sundry finance expenses	360	294
Finance costs	633.727	2.234.341

10. Taxation

	2019	2018
	€	€
Corporation tax	1.346	2.153
Charge for the year	1.346	2.153

The taxation on the Company's results before taxation differs from theoretical amount that would arise using the applicable tax rates as follows:

	2019	2018
	€	€
Loss before taxation	(8.509.722)	(2.814.535)
Taxation calculated at the applicable tax rates	(1.063.715)	(351.817)
Tax effect of expenses not deductible for taxation purposes	1.089.171	395.731
Tax effect of allowances and income not subject to taxation	(24.110)	(41.957)
10% additional charge	-	196
Tax charge	1.346	2.153

The corporation tax rate is 12,5%.

Under certain conditions interest income may be subject to defence contribution at the rate of 30%. In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 17%.

RALAEEL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

10. Taxation (continued)

Gains on disposal of qualifying titles (including shares, bonds, debentures, rights thereon etc) are exempt from Cyprus income tax.

11. Investment

	2019	2018
	€	€
Balance at 1 January	46.200.000	43.700.000
Additions	1.000.000	3.400.000
Disposals	(37.422.000)	-
Impairment charge	(5.938.000)	(900.000)
Balance at 31 December	3.840.000	46.200.000

The details of the investment are as follows:

Name	Country of Incorporation	Principal activities	2019	2018	2019	2018
			Holding %	Holding %	€	€
Jindal Saw Italia S.p.A	Italy	Production of iron pipes	19	100	3.840.000	46.200.000
					3.840.000	46.200.000

In September 2010, the Company acquired 100% of the share capital of Jinal Saw S.p.A. for €10.000.

From 2011 to 2015, the Company made various capital contributions to the subsidiary of Jindal Saw Italia S.p.A. increasing the cost of Investment to €36.300.000.

During 2016, the Company made an additional capital contribution to the subsidiary of Jindal Saw Italia S.p.A. of €2.000.000, increasing the cost of Investment to €38.300.000.

During 2017, the Company made an additional capital contribution to the subsidiary Jindal Saw Italia S.p.A. of €5.400.000, increasing the cost of investment to €43.700.000.

During 2018, the Company made an additional capital contribution to the subsidiary of Jindal Saw Italia S.p.A. of €3.400.000, increasing the cost of investment to €47.100.000.

The Company's Investment in its subsidiary Jindal Saw Italia S.p.A was revalued at 31 December 2018 at the amount of €46.200.000, resulting in a fair value loss of €900.000, which was recognized as an Impairment charge through profit or loss.

On 29 January 2019, the Company entered into a share purchase agreement and sold 81% of its shareholding in its subsidiary Jindal Saw Italia S.p.A, to the third party Anbeeco Investments Limited, for a total consideration of €37.422.000, being the same amount as the carrying amount of the investment sold, so there is no profit or loss. The sale proceeds of €37.422.000 have been settled through a set off with the loan principal and interest payable to Anbeeco Investments Limited. On 13 February 2019 the transfer of shares was completed.

As the Company's shareholding in Jindal Saw Italia S.p.A is now 19%, the investment is classified as a financial asset through other comprehensive income.

In 2019 the Company made an additional capital contribution to Jindal Saw Italia S.p.A. of €1.000.000, increasing the cost of the investment to €9.778.000.

The Company's financial asset through other comprehensive Income was revalued at 31 December 2020 at the amount of €3.840.000, resulting in a fair value loss of €5.938.000, which was recognized as an Impairment charge through profit or loss

The above investment is stated at fair value

RALAEEL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

12. Loans receivable

	2019	2018
	€	€
Loans to related parties (Note 20.1)	<u>2.677.245</u>	<u>5.601.368</u>
	<u>2.677.245</u>	<u>5.601.368</u>

The loans are repayable as follows:

	2019	2018
	€	€
Within one year	<u>2.677.245</u>	<u>5.601.368</u>

On 15 March 2015, the Company entered into a loan agreement with its subsidiary Jindal Saw Italia S.p.A. for an amount of €9.000.000 at the rate of twelve month Euribor plus 5,75% per annum. The loan is unsecured and is repayable in a single trench (Bullet) by 31 October 2020.

On 27 July 2015, the Company entered into a loan agreement with its subsidiary Jindal Saw Italia S.p.A. for an amount of €5.000.000, at a rate of 12 month Euribor plus 5,75% per annum. The loan is unsecured and is repayable in a single trench (Bullet) by 31 October 2020.

On 8 February 2017 the Company entered into a loan agreement with its subsidiary Jindal Saw Italia S.p.A. for an amount of €1.517.000 at a rate of 12 month plus 5,75% per annum. The loan is unsecured and repayable in a single trench (Bullet) by 31 October 2020.

During October 2019, Jindal Saw Italia S.p.A. renounced the amount of €2.117.000 of the loan receivable to the Company resulting in an impairment €2.117.000 to the profit or loss.

The balance of the loan as at 31 December 2019 comprises of the principal amount of €1.000.000 (2018: €4.117.000) and accrued interest of €1.677.245 (2018:€1.484.368). The interest charge during the period amounted to €192.877 (2018: €335.653).

13. Receivables

	2019	2018
	€	€
Prepayments	<u>-</u>	<u>1.785</u>
	<u>-</u>	<u>1.785</u>

The fair values of receivables due within one year approximate to their carrying amounts as presented above.

The exposure of the Company to credit risk and impairment losses in relation to receivables is reported in note 6 of the financial statements.

14. Cash at bank

	2019	2018
	€	€
Cash at bank	<u>28.339</u>	<u>11.439</u>
	<u>28.339</u>	<u>11.439</u>

The exposure of the Company to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 6 of the financial statements.

RALAEI HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

15. Share capital

	2019 Number of shares	2019 €	2018 Number of shares	2018 €
Authorised				
Ordinary shares of €1 each	<u>5,000</u>	<u>5,000</u>	5,000	5,000
Issued and fully paid				
Balance at 1 January	<u>3,725</u>	<u>3,725</u>	3,725	3,725
Balance at 31 December	<u>3,725</u>	<u>3,725</u>	3,725	3,725

16. Advances from shareholders

	2019 €	2018 €
Balance at 1 January	<u>675</u>	675
Balance at 31 December	<u>675</u>	675

The advance from shareholders is made available to the Board of Directors for future increases of the share capital of the Company and are not refundable.

17. Borrowings

	2019 €	2018 €
Current borrowings		
Loan from parent company (Note 20.2)	<u>7,505.817</u>	-
	<u>7,505.817</u>	-
Non-current borrowings		
Loan from third party	474.505	37,623,664
Loan from parent company (Note 20.2)	-	<u>7,115,292</u>
	<u>474.505</u>	44,738,956
Total	<u>7,980.322</u>	44,738,956

Maturity of non-current borrowings:

	2019 €	2018 €
Between two and five years	<u>474.505</u>	44,738,956

The above loans from Jindal Saw Limited have been replaced with a new loan agreement dated 29 May 2017 which is unsecured, carry interest at a rate of 1 year Euribor plus 5,50% per annum and are repayable on 29 May 2020. The period end balance of €7,505.817 (2018: €7,115,292) includes accrued interest of €2,005.817 (2018: €1,615,292). The interest charge for the period was €390,524 (2018: €369,706).

The above loans from third party which comprise of several loans, are unsecured, carry interest at the rate of 3 month Libor plus 4,65% per annum and have different repayment dates, the most distant being 13 March 2023. The period end balance of €474,505 (2018: €37,623,664) includes accrued interest of €242,842 (2018: €6,406,664). The interest charge for the period was €242,842 (2018: €396,706). During the period 81% of the Company's shareholding in its investment was sold to the third party and the sale proceeds were settled through a set off with the loan principal and interest (Note 11).

RALAEEL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

18. Creditors and accruals

	2019	2018
	€	€
Shareholders' current accounts - credit balances (Note 20.3)	22.924	22.924
Accruals	19.888	18.571
Other creditors	68	637
	<u>42.880</u>	<u>42.132</u>

The fair values of creditors and accruals due within one year approximate to their carrying amounts as presented above.

19. Refundable taxes

	2019	2018
	€	€
Corporation tax	2.099	2.153
Refundable tax	<u>(9.612)</u>	<u>(9.612)</u>
	<u>(7.513)</u>	<u>(7.459)</u>

20. Related party transactions

The following transactions were carried out with related parties:

20.1 Loans to related parties

	2019	2018
	€	€
Jindal Saw Italia S.p.A.	4.794.245	5.601.368
Less provision for doubtful loan	<u>(2.117.000)</u>	-
	<u>2.677.245</u>	<u>5.601.368</u>

Details of the above loan is presented in Note 12.

20.2 Loans from parent company

	2019	2018
	€	€
Jindal Saw Limited	<u>7.505.817</u>	<u>7.115.292</u>
	<u>7.505.817</u>	<u>7.115.292</u>

Details of the above loan is presented in Note 17.

20.3 Shareholders' current accounts - credit balances (Note 18)

	2019	2018
	€	€
Amount due to shareholder	<u>22.924</u>	<u>22.924</u>
	<u>22.924</u>	<u>22.924</u>

The shareholders' current accounts are interest free, and have no specified repayment date.

RALAEI HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

20. Related party transactions (continued)

20.4 Related party transactions

	<u>Name of related party</u>	<u>Transaction</u>	2019 €
Interest expense	Jindal Saw Limited	Debit: Finance cost Credit: Jindal Saw Limited-interest payable	390,524
Interest income	Jindal Saw Italia S.p.A.	Debit: Jindal Saw Italia-interest receivable Credit: Interest income	192,877
Loan	Jindal Saw Italia S.p.A.	Debit: Impairment on loan receivable Credit: Provision for doubtful loan	2,117,000

21. Contingent liabilities

The Company had no contingent liabilities as at 31 December 2019.

22. Commitments

The Company had no capital or other commitments as at 31 December 2019.

23. Events after the reporting period

There were no material events after the reporting period, which have a bearing on the understanding of the financial statements.

Independent auditor's report on pages 3 to 5

RALAEI HOLDINGS LIMITED

DETAILED INCOME STATEMENT

Year ended 31 December 2019

	Page	2019 €	2018 €
Revenue			
Interest income		192.877	335.653
Operating expenses			
Administration expenses	23	(13.872)	(15.847)
Impairment of loan receivable	24	(2.117.000)	-
		(1.937.995)	319.806
Other operating expenses			
Impairment charge on investment		(5.938.000)	(900.000)
Operating loss		(7.875.995)	(580.194)
Finance costs	24	(633.727)	(2.234.341)
Net loss for the year before taxation		(8.509.722)	(2.814.535)

RALAEEL HOLDINGS LIMITED

ADMINISTRATIVE EXPENSES

Year ended 31 December 2019

	2019	2018
	€	€
Administration expenses		
Annual levy	350	350
Auditor's remuneration	2.023	2.023
Professional fees	11.499	13.474
	<u>13.872</u>	<u>15.847</u>

RALAEEL HOLDINGS LIMITED

FINANCE EXPENSES

Year ended 31 December 2019

	2019	2018
	€	€
Finance costs		
Interest expense		
Loan interest	633,367	2,234,047
Sundry finance expenses		
Bank charges	<u>360</u>	<u>294</u>
	<u>633,727</u>	<u>2,234,341</u>

RALAEEL HOLDINGS LIMITED

COMPUTATION OF CORPORATION TAX

Year ended 31 December 2019

	Page	€	€
Net loss per income statement	22		(8.509.722)
<u>Add:</u>			
Impairment charge on investment		5.938.000	
Impairment charge - loans to related parties		2.117.000	
Annual levy		350	
Non-allowable interest		633.367	
Bank charges		360	
Professional fees		13.522	
Interest income in order to obtain the profit margin		<u>10.764</u>	
			<u>8.713.363</u>
			203.641
<u>Less:</u>			
Interest income		<u>192.877</u>	
			<u>(192.877)</u>
Chargeable income for the year			<u><u>10.764</u></u>

Calculation of corporation tax

	Income €	Rate %	Total € c
Taxation at normal rates:			
Chargeable income as above	<u>10.764</u>	12,50	1.345,50
Taxation paid provisionally	<u>11.200</u>		<u>(1.400,00)</u>
TAX REFUNDABLE			<u><u>(54,50)</u></u>

