

**RALAEEL HOLDINGS LIMITED**

**REPORT AND FINANCIAL STATEMENTS**

31 December 2016

# **RALAEEL HOLDINGS LIMITED**

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## **REPORT AND FINANCIAL STATEMENTS**

31 December 2016

### **CONTENTS**

### **PAGE**

Board of Directors and other officers	1
Management Report	2
Independent auditor's report	3 - 5
Statement of profit or loss and other comprehensive income	6
Statement of financial position	7
Statement of changes in equity	8
Statement of cash flows	9
Notes to the financial statements	10 - 19
Additional information to the statement of profit or loss and other comprehensive income	20 - 23

# **RALAEEL HOLDINGS LIMITED**

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## **BOARD OF DIRECTORS AND OTHER OFFICERS**

<b>Board of Directors:</b>	Anil Kumar Kejriwal (appointed on 22 March 2016) Growthpoint Holdings Limited Sanjay Kumar Aggarwal (resigned on 22 March 2016) Prithavi Raj Jindal
<b>Company Secretary:</b>	Trident Trust Company (Cyprus) Limited
<b>Independent Auditors:</b>	GAC Auditors Ltd Certified Public Accountants and Registered Auditors
<b>Registered office:</b>	Griva Digeni 115 Trident Centre 3101 Limassol Cyprus
<b>Banker:</b>	State Bank of India
<b>Registration number:</b>	HE270293

# RALAEEL HOLDINGS LIMITED

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## MANAGEMENT REPORT

The Board of Directors presents its report and audited financial statements of the Company for the year ended 31 December 2016.

### **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 financing.

### **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 not considered satisfactory and the Board of Directors is making an effort to reduce the Company's losses.

### **Principal risks and uncertainties**

The principal risks and uncertainties faced by the Company are disclosed in notes 4 and 16 of the financial statements.

### **Existence of branches**

The Company does not maintain any branches.

### **Use of financial instruments by the Company**

The Company is exposed to from the financial instruments it holds.

### **Results**

The Company's results for the year are set out on page 6. The net loss for the year is carried forward.

### **Share capital**

#### **Issued capital**

On 14 April 2016, the Company issued 990 ordinary shares of nominal value of €1 each, at a premium of €3.736 realising €3.699.630, including the share premium of €3.698.640.

### **Board of Directors**

The members of the Company's Board of Directors as at 31 December 2016 and at the date of this report are presented on page 1. Details of changes in Directors are also shown in page 1.

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.

### **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,



Anil Kumar Kejriwal  
Director

United Arab Emirates, 24 May 2017

## **Independent Auditor's Report**

### **To the Members of Ralael Holdings Limited**

#### **Report on the Audit of the Financial Statements**

##### **Opinion**

We have audited the accompanying financial statements of parent company Ralael Holdings Limited (the "Company"), which comprise the statement of financial position as at 31 December 2016, 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 as at 31 December 2016, 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' Code of Ethics for Professional Accountants (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 evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### **Other information**

The Board of Directors is responsible for the other information. The other information comprises the information included in the management report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

##### **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.

## **Independent Auditor's Report (continued)**

### **To the Members of Ralael Holdings Limited**

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.

#### **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 judgement and maintain professional skepticism 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.

## **Independent Auditor's Report (continued)**

### **To the Members of Ralael Holdings Limited**

#### **Report on Other Legal Requirements**

Pursuant to the additional requirements of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 to 2016, we report the following:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of these books.
- The Company's financial statements are in agreement with the books of account.
- In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Cyprus Companies Law, Cap. 113, in the manner so required.
- 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.

#### **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 34 of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 to 2016 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, 24 May 2017

## RALAEEL HOLDINGS LIMITED

### STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME 31 December 2016

	Note	2016 €	2015 €
Interest income		281.359	412.841
Administration expenses		<u>(12.870)</u>	(8.785)
<b>Operating profit</b>		<b>268.489</b>	404.056
Finance costs	6	<u>(1.580.253)</u>	(1.600.445)
<b>(Loss) before taxation</b>		<b>(1.311.764)</b>	(1.196.389)
Taxation	7	<u>(2.288)</u>	(2.558)
<b>Net loss for the year</b>		<b>(1.314.052)</b>	(1.198.947)
<b>Other comprehensive income</b>		<u>-</u>	-
<b>Total comprehensive expense for the year</b>		<u><b>(1.314.052)</b></u>	<u>(1.198.947)</u>

The notes on pages 10 to 19 form an integral part of these financial statements.

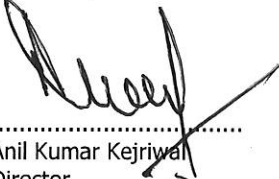
# RALAEI HOLDINGS LIMITED

## STATEMENT OF FINANCIAL POSITION

31 December 2016

	Note	2016 €	2015 €
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investments in subsidiaries	8	<b>38.300.000</b>	36.300.000
Non-current loans receivable	9	<b>4.194.200</b>	5.912.841
		<b>42.494.200</b>	42.212.841
<b>Current assets</b>			
Cash at bank	10	<b>41.442</b>	59.466
		<b>41.442</b>	59.466
<b>Total assets</b>		<b>42.535.642</b>	42.272.307
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	11	<b>3.725</b>	2.735
Share premium		<b>14.571.600</b>	10.872.960
Accumulated losses		<b>(3.165.535)</b>	(1.851.483)
		<b>11.409.790</b>	9.024.212
Advances from shareholders	12	<b>675</b>	3.700.305
<b>Total equity</b>		<b>11.410.465</b>	12.724.517
<b>Non-current liabilities</b>			
Borrowings	13	<b>31.098.062</b>	29.518.336
		<b>31.098.062</b>	29.518.336
<b>Current liabilities</b>			
Trade and other payables	14	<b>24.827</b>	26.896
Current tax liabilities	15	<b>2.288</b>	2.558
		<b>27.115</b>	29.454
<b>Total liabilities</b>		<b>31.125.177</b>	29.547.790
<b>Total equity and liabilities</b>		<b>42.535.642</b>	42.272.307

On 24 May 2017 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 19 form an integral part of these financial statements.

## RALAEEL HOLDINGS LIMITED

### STATEMENT OF CHANGES IN EQUITY

31 December 2016

	Note	Share capital €	Share premium €	Advances from shareholders €	Accumulated losses €	Total €
<b>Balance at 1 January 2015</b>		<b>2.000</b>	<b>8.124.000</b>	<b>1.250.000</b>	<b>(652.536)</b>	<b>8.723.464</b>
<b>Comprehensive income</b>						
Net loss for the year		-	-	-	(1.198.947)	(1.198.947)
<b>Transactions with owners</b>						
Issue of share capital	11	735	2.748.960	-	-	2.749.695
Proceeds for the year		-	-	2.450.305	-	2.450.305
Total transactions with owners		<u>735</u>	<u>2.748.960</u>	<u>2.450.305</u>	<u>-</u>	<u>5.200.000</u>
<b>Balance at 31 December 2015</b>		<b><u>2.735</u></b>	<b><u>10.872.960</u></b>	<b><u>3.700.305</u></b>	<b><u>(1.851.483)</u></b>	<b><u>12.724.517</u></b>
<b>Balance at 1 January 2016</b>		<b>2.735</b>	<b>10.872.960</b>	<b>3.700.305</b>	<b>(1.851.483)</b>	<b>12.724.517</b>
<b>Comprehensive income</b>						
Net loss for the year		-	-	-	(1.314.052)	(1.314.052)
Issue of share capital	11	990	3.698.640	-	-	3.699.630
Repayments for the year		-	-	(3.699.630)	-	(3.699.630)
Total transactions with owners		<u>990</u>	<u>3.698.640</u>	<u>(3.699.630)</u>	<u>-</u>	<u>-</u>
<b>Balance at 31 December 2016</b>		<b><u>3.725</u></b>	<b><u>14.571.600</u></b>	<b><u>675</u></b>	<b><u>(3.165.535)</u></b>	<b><u>11.410.465</u></b>

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 19 form an integral part of these financial statements.

# RALAEEL HOLDINGS LIMITED

## STATEMENT OF CASH FLOWS

31 December 2016

	2016	2015
	€	€
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>(Loss) before taxation</b>	<b>(1.311.764)</b>	(1.196.389)
Adjustments for:		
Interest income	<b>(281.359)</b>	(412.841)
Interest expense	<b>1.579.725</b>	1.599.204
	<b>(13.398)</b>	(10.026)
<b>Changes in working capital:</b>		
(Decrease)/increase in trade and other payables	<b>(2.069)</b>	2.451
<b>Cash used in operations</b>	<b>(15.467)</b>	(7.575)
Interest received	<b>281.359</b>	412.841
Taxation paid	<b>(2.558)</b>	-
<b>Net cash generated from operating activities</b>	<b>263.334</b>	405.266
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payment for purchase of investments in subsidiaries	<b>(2.000.000)</b>	(5.200.000)
Loans granted	-	(5.912.841)
Loans repayments received	<b>1.718.641</b>	-
<b>Net cash used in investing activities</b>	<b>(281.359)</b>	(11.112.841)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of share capital	<b>3.699.630</b>	2.749.695
(Repayment)/ advances from shareholders	<b>(3.699.630)</b>	2.450.305
Proceeds from borrowings	<b>1.579.726</b>	7.099.204
Interest paid	<b>(1.579.725)</b>	(1.599.204)
<b>Net cash generated from financing activities</b>	<b>1</b>	10.700.000
<b>Net decrease in cash and cash equivalents</b>	<b>(18.024)</b>	(7.575)
Cash and cash equivalents at beginning of the year	<b>59.466</b>	67.041
<b>Cash and cash equivalents at end of the year</b>	<b>41.442</b>	59.466

The cash and cash equivalents include the following:

	2016	2015
	€	€
Cash at bank (Note 10)	<b>41.442</b>	59.466
	<b>41.442</b>	59.466

The notes on pages 10 to 19 form an integral part of these financial statements.

# **RALAEEL HOLDINGS LIMITED**

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## **NOTES TO THE FINANCIAL STATEMENTS**

31 December 2016

### **1. Incorporation and principal activities**

#### **Country of incorporation**

The Company 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 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 financing.

### **2. 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.

#### **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 subsidiaries 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 2016.

The European Union has concluded that since its 4th Directive requires parent companies 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 European Union, the provisions of International Financial Reporting Standard 10 'Consolidated Financial Statements' that require the preparation of consolidated financial statements in accordance with IFRS do not apply.

The financial statements have been prepared under the historical cost convention.

#### **Adoption of new and revised IFRSs**

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 2016. This adoption did not have a material effect on the accounting policies of the Company.

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.

#### **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.

Investments in subsidiary companies are stated at cost less provision for impairment in value, which is recognised as an expense in the period in which the impairment is identified.

# **RALAEEL HOLDINGS LIMITED**

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## **NOTES TO THE FINANCIAL STATEMENTS**

31 December 2016

### **2. Significant accounting policies (continued)**

#### **Revenue recognition**

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 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 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 instruments**

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

#### Loans granted

Loans originated by the Company by providing money directly to the borrower are categorised as loans and are carried at amortised cost. This is defined as the fair value of cash consideration given to originate those loans as is determined by reference to market prices at origination date. All loans are recognised when cash is advanced to the borrower.

An allowance for loan impairment is established if there is objective evidence that the Company will not be able to collect all amounts due according to the original contractual terms of loans. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows including amounts recoverable from guarantees and collateral, discounted at the original effective interest rate of loans.

#### Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at bank.

# RALAEEL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

### 2. Significant accounting policies (continued)

#### Financial instruments (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.

### 3. 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:

##### **3.1 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.

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

	<b>2016</b>	2015
	€	€
<b>Variable rate instruments</b>		
Financial assets	<b>4.194.200</b>	5.912.841
Financial liabilities	<b><u>(31.098.062)</u></b>	<u>(29.518.336)</u>
	<b><u>(26.903.862)</u></b>	<u>(23.605.495)</u>

# RALAEI HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

### 3. Financial risk management (continued)

#### 3.2 Credit risk

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. The Company has no significant concentration of credit risk. The Company has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history and monitors on a continuous basis the ageing profile of its receivables. Cash balances are held with high credit quality financial institutions and the Company has policies to limit the amount of credit exposure to any financial institution.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2016	2015
	€	€
Loans receivables from related parties	4.194.200	5.912.841
Cash at bank	<u>41.442</u>	<u>59.466</u>
	<u><b>4.235.642</b></u>	<u><b>5.972.307</b></u>

#### 3.3 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 maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

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 2016	Carrying amounts	Contractual cash flows	3 months or less	3-12 months	1-2 years	2-5 years	More than 5 years
	€	€	€	€	€	€	€
Borrowings	31.098.062	31.098.062	-	-	-	31.098.062	-
Trade and other payables	<u>24.827</u>	<u>24.827</u>	<u>-</u>	<u>24.827</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u><b>31.122.889</b></u>	<u><b>31.122.889</b></u>	<u><b>-</b></u>	<u><b>24.827</b></u>	<u><b>-</b></u>	<u><b>31.098.062</b></u>	<u><b>-</b></u>
31 December 2015	Carrying amounts	Contractual cash flows	3 months or less	3-12 months	1-2 years	2-5 years	More than 5 years
	€	€	€	€	€	€	€
Borrowings	29.518.336	29.518.336	-	-	-	29.518.336	-
Trade and other payables	<u>26.896</u>	<u>26.896</u>	<u>-</u>	<u>26.896</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u><b>29.545.232</b></u>	<u><b>29.545.232</b></u>	<u><b>-</b></u>	<u><b>26.896</b></u>	<u><b>-</b></u>	<u><b>29.518.336</b></u>	<u><b>-</b></u>

#### 3.4 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.

# RALAEEL HOLDINGS LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

### 3. Financial risk management (continued)

#### 3.5 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.

### 4. Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires Management to exercise its judgement 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 judgements 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:

- **Income taxes**

Significant judgement 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 investments in subsidiaries**

The Company periodically evaluates the recoverability of investments in subsidiaries 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, which may indicate that the carrying amount of an asset is not recoverable. If facts and circumstances indicate that investment in subsidiaries may be impaired, the estimated future discounted cash flows associated with these subsidiaries/associates would be compared to their carrying amounts to determine if a write-down to fair value is necessary.

# RALAEI HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

### 4. Critical accounting estimates and judgements (continued)

#### • 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.

### 5. Expenses by nature

	2016	2015
	€	€
Auditors' remuneration - current year	1.904	1.967
Auditors' remuneration - prior years	-	447
Other expenses	<u>10.966</u>	<u>6.371</u>
<b>Total expenses</b>	<b><u>12.870</u></b>	<b><u>8.785</u></b>

### 6. Finance costs

	2016	2015
	€	€
Interest expense	1.579.725	1.599.204
Sundry finance expenses	<u>528</u>	<u>1.241</u>
	<b><u>1.580.253</u></b>	<b><u>1.600.445</u></b>

### 7. Taxation

	2016	2015
	€	€
Corporation tax - current year	<u>2.288</u>	<u>2.558</u>
<b>Charge for the year</b>	<b><u>2.288</u></b>	<b><u>2.558</u></b>

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

	2016	2015
	€	€
(Loss) before taxation	<u>(1.311.764)</u>	<u>(1.196.389)</u>
Taxation calculated at the applicable tax rates	(163.971)	(149.549)
Tax effect of expenses not deductible for taxation purposes	201.221	204.027
Tax effect of allowances and income not subject to taxation	(35.170)	(51.605)
Tax effect of tax losses brought forward	-	(548)
10% additional charge	<u>208</u>	<u>233</u>
<b>Tax charge</b>	<b><u>2.288</u></b>	<b><u>2.558</u></b>

The corporation tax rate is 12,5%.

# RALAEEL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

### 7. Taxation (continued)

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%.

### 8. Investments in subsidiaries

	2016	2015
	€	€
Balance at 1 January	36.300.000	31.100.000
Additions	<u>2.000.000</u>	<u>5.200.000</u>
<b>Balance at 31 December</b>	<b><u>38.300.000</u></b>	<b><u>36.300.000</u></b>

The details of the subsidiaries are as follows:

<u>Name</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	2016 Holding %	2015 Holding %	2016 €	2015 €
Jindal Saw Italia S.p.A.	Italy	Production of Iron pipes	100%	100%	<u>38.300.000</u>	<u>36.300.000</u>
					<b><u>38.300.000</u></b>	<b><u>36.300.000</u></b>

On September 2010, the Company acquired 100% of the share capital of Jindal Saw Italia S.p.A. for Euro 10.000.

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

During 2016, the Company made additional contribution in the share capital of Jindal Saw Italia S.p.A. of €2.000.000 increasing the cost of investment to €38.300.000.

The above investment is carried at cost.

### 9. Non-current loans receivable

	2016	2015
	€	€
Loans to own subsidiaries (Note 17.1)	<u>4.194.200</u>	<u>5.912.841</u>
	<b><u>4.194.200</u></b>	<b><u>5.912.841</u></b>

The loans are repayable as follows:

	2016	2015
	€	€
Between one and five years	<u>4.194.200</u>	<u>5.912.841</u>

On 15 March 2015, the Company granted a loan of €9.000.000 to Jindal Saw Italia S.p.A. at the rate of Euribor plus 5,75% per annum. The loan is unsecured and is repayable in a single trench (Bullet) by 31 March 2018.

Also, on 27 July 2015, the Company granted a loan of €5.000.000 to Jindal Saw Italia S.p.A. at a rate of Euribor plus 5,75% per annum. The loan is unsecured and is repayable in a single trench (Bullet) by 31 March 2018.

The balance of the loan at 31 December 2016 comprises of the principal amount €3.500.000 and accrued interest of €694.200. The interest charge during the year amounted to €281.359 (2015: €412.841).

# RALAEEL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

### 9. Non-current loans receivable (continued)

The exposure of the Company to credit risk in relation to loans receivable is reported in note 3 of the financial statements.

### 10. Cash at bank

	2016	2015
	€	€
Cash at bank	<u>41.442</u>	59.466
	<u>41.442</u>	<u>59.466</u>

The exposure of the Company to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 3 of the financial statements.

### 11. Share capital

	2016	2016	2015	2015
	Number of shares	€	Number of shares	€
<b>Authorised</b>				
Ordinary shares of €1 each	<u>5.000</u>	<u>5.000</u>	5.000	5.000
<b>Issued and fully paid</b>				
Balance at 1 January	2.735	2.735	2.000	2.000
Issue of shares	<u>990</u>	<u>990</u>	735	735
<b>Balance at 31 December</b>	<u>3.725</u>	<u>3.725</u>	2.735	2.735

#### Issued capital

On 14 April 2016, the Company issued 990 ordinary shares of nominal value of €1 each, at a premium of €3.736 realising €3.699.630, including the share premium of €3.698.640.

### 12. Advances from shareholders

	2016	2015
	€	€
Balance at 1 January	3.700.305	-
Proceeds during the year	<u>(3.699.630)</u>	3.700.305
<b>Balance at 31 December</b>	<u>675</u>	<u>3.700.305</u>

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.

### 13. Borrowings

	2016	2015
	€	€
<b>Non-current borrowings</b>		
Loan from third party	24.707.774	23.469.876
Loan from parent company (Note 17.2)	<u>6.390.288</u>	6.048.460
	<u>31.098.062</u>	<u>29.518.336</u>

# RALAEI HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

### 13. Borrowings (continued)

Maturity of non-current borrowings:

	2016	2015
	€	€
Between two and five years	<u>31.098.062</u>	<u>29.518.336</u>

The above loans from parent company Jindal Saw Limited are unsecured, carry interest at a rate of 1 year Euribor plus 5,50% per annum and are repayable on 31 March 2018. The above loan includes accrued interest of €890.288 (2015: €548.460). The interest charge for the year was €341.828 (2015: €423.327).

The above loans from third party are unsecured, carry interest at rate of 3 months Libor plus 4,65% per annum and are repayable by 29 August 2019. The above loans include accrued interest of €2.907.774 (2015: €1.669.876). The interest charge for the year was €1.237.898 (2015: €1.175.877).

### 14. Trade and other payables

	2016	2015
	€	€
Shareholders' current accounts - credit balances (Note 17.3)	22.924	22.924
Accruals	<u>1.903</u>	<u>3.972</u>
	<u>24.827</u>	<u>26.896</u>

### 15. Current tax liabilities

	2016	2015
	€	€
Corporation tax	<u>2.288</u>	<u>2.558</u>
	<u>2.288</u>	<u>2.558</u>

### 16. Recent volatility in global financial markets

The on-going global liquidity crisis which commenced in the middle of 2007 and is still continuing, resulted in, among other things, a lower level of capital market funding, lower liquidity levels across the banking sector, and higher interbank lending rates. The uncertainties in the global financial markets have also led to bank failures and bank rescues in the United States of America, Western Europe, Russia and elsewhere. Such circumstances could affect the ability of the Company to obtain borrowings or re-finance its existing operations at terms and conditions similar to those applied to earlier transactions. Indeed the full extent of the impact of the on-going financial crisis is proving to be impossible to anticipate or completely guard against.

The debtors or borrowers of the Company may also be affected by the lower liquidity situation which could in turn impact their ability to repay their amounts owed. Deteriorating operating conditions for debtors or borrowers may also have an impact on Management's cash flow forecasts and assessment of the impairment of financial and non-financial assets.

To the extent that information is available, Management has reflected revised estimates of expected future cash flows in its impairment assessments. Management is unable to reliably estimate the effects on the Company's financial position of any further deterioration in the liquidity of the financial markets and the increased volatility in the currency and equity markets. Management believes it is taking all the necessary measures to support the sustainability and growth of the Company's business in the current circumstances.

# RALAEEL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

### 17. Related party transactions

The following transactions were carried out with related parties:

#### 17.1 Loans to subsidiary (Note 9)

	2016	2015
	€	€
Jindal Saw Italia S.p.A.	<u>4.194.200</u>	5.912.841
	<u>4.194.200</u>	<u>5.912.841</u>

Details of the above loan are shown in Note 9.

#### 17.2 Loans from parent company (Note 13)

	2016	2015
	€	€
Jindal Saw Limited	<u>6.390.288</u>	6.048.460
	<u>6.390.288</u>	<u>6.048.460</u>

Details of the above loans are shown in Note 13.

#### 17.3 Shareholders' current accounts - credit balances (Note 14)

	2016	2015
	€	€
Shareholders' current accounts	<u>22.924</u>	22.924
	<u>22.924</u>	<u>22.924</u>

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

### 18. Contingent liabilities

The Company had no contingent liabilities as at 31 December 2016.

### 19. Commitments

The Company had no capital or other commitments as at 31 December 2016.

### 20. 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 and 5**

## RALAEEL HOLDINGS LIMITED

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### DETAILED INCOME STATEMENT

31 December 2016

	Page	2016 €	2015 €
<b>Revenue</b>			
Interest income		<b>281.359</b>	412.841
<b>Operating expenses</b>			
Administration expenses	21	<u>(12.870)</u>	(8.785)
<b>Operating profit</b>		<b>268.489</b>	404.056
Finance costs	22	<u>(1.580.253)</u>	(1.600.445)
<b>Net loss for the year before taxation</b>		<u><b>(1.311.764)</b></u>	<u>(1.196.389)</u>

## **RALAEEL HOLDINGS LIMITED**

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### **ADMINISTRATIVE EXPENSES**

31 December 2016

	<b>2016</b>	2015
	<b>€</b>	€
Annual levy	<b>350</b>	350
Auditors' remuneration - current year	<b>1.904</b>	1.967
Auditors' remuneration - prior years	-	447
Legal and professional	<b>10.616</b>	6.021
	<b>12.870</b>	8.785

## RALAEEL HOLDINGS LIMITED

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### FINANCE COSTS

31 December 2016

	<b>2016</b>	2015
	<b>€</b>	€
<b>Finance costs</b>		
<b>Interest expense</b>		
Loan interest	<b>1.579.725</b>	1.599.204
<b>Sundry finance expenses</b>		
Bank charges	<b><u>528</u></b>	<u>1.241</u>
	<b><u>1.580.253</u></b>	<u>1.600.445</u>

## RALAEEL HOLDINGS LIMITED

### COMPUTATION OF CORPORATION TAX

31 December 2016

Net loss per income statement	Page	€	€
	20		(1.311.764)
<u>Add:</u>			
Annual levy		350	
Disallowed interest		1.579.725	
General expenses		13.048	
Interest income in order to obtain the profit margin of 0,35%		<u>16.637</u>	
			<u>1.609.760</u>
			297.996
<u>Less:</u>			
Interest income		<u>281.359</u>	
			<u>(281.359)</u>
<b>Chargeable income for the year</b>			<u><u>16.637</u></u>
 <b>Calculation of corporation tax</b>			
	Income	Rate	Total
	€	%	€ c
<b>Taxation at normal rates:</b>			
Chargeable income as above	<u>16.637</u>	12,50	2.079,63
10% additional charge			<u>207,96</u>
<b>TAX PAYABLE</b>			<u><u>2.287,59</u></u>

# **RALAEEL HOLDINGS LIMITED**

**Griva Digeni 115  
Trident Centre  
3101 Limassol  
Cyprus**

GAC Auditors Ltd  
Certified Public Accountants and Registered Auditors  
48, Inomenon Ethnon Street  
Guricon House, 1st floor  
6042, Larnaka  
Cyprus

24 May 2017

## **Management representation letter for the audit of the year ended 31 December 2016**

Dear Sirs

This representation letter is provided in connection with your audit of the financial statements of Ralael Holdings Limited (the "Company") for the year ended 31 December 2016 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view of the financial position of the Company as at 31 December 2016, 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.

By a resolution of the Board of Directors, passed today, we are directed to confirm to you, in respect of the financial statements of the Company for the year ended 31 December 2016, the following:

We confirm, to the best of our knowledge and belief and having made appropriate inquiries of other Directors and officials and staff of the Company as we considered necessary for the purpose of appropriately informing ourselves, that we can make the following representations to you.

We acknowledge our legal responsibilities regarding disclosure of information to you as auditors and confirm that so far as we are aware, there is no relevant audit information needed by you in connection with preparing your audit report of which you are unaware. Each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that you are aware of that information.

### **I. Financial statements**

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated 29 March 2017, for the preparation of the financial statements in accordance with IFRSs as adopted by the EU and the requirements of the Cyprus Companies Law, Cap. 113, which give a true and fair view in accordance therewith, and for making accurate representations to you. We have approved the financial statements.
- 2) We confirm that we have reviewed the Company's accounting policies and estimation techniques and, having regard to the possible alternative policies and techniques, the accounting policies and estimation techniques selected for use in the preparation of the financial statements are the most appropriate to give a true and fair view for the Company's particular circumstances, as required by International Accounting Standard IAS1: Presentation of financial statements.
- 3) Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- 4) We have no plans or intentions that may materially alter the carrying value and where relevant the fair value measurements or classification of assets and liabilities reflected in the financial statements.
- 5) Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of IFRSs as adopted by the EU.

**6) Litigation**

- i) We confirm that all known, actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in the financial statements in accordance with IFRSs as adopted by the EU.
- ii) We are not aware of any pending or threatened litigation, proceedings, hearing or claims negotiations, which may result in significant loss to the Company

**7) Events after the reporting period**

All events subsequent to the date of the financial statements and for which IFRSs as adopted by the EU require adjustment or disclosure have been adjusted or disclosed in the financial statements. Other than as described in the financial statements, there have been no circumstances or events subsequent to the period end, which require adjustment of or disclosure in the financial statements or in the notes thereto.

**8) Uncorrected misstatements**

We confirm that the financial statements are free of material misstatements, including omissions. We believe that the effects of uncorrected misstatements identified during the audit are immaterial, both individually and in the aggregate, to the financial statements as a whole.

**9) Going concern**

We confirm that, having considered our expectations and intentions for the next twelve months, and the availability of working capital, the Company is a going concern. We further confirm that the disclosures in the accounting policies are an accurate reflection of the reasons for our consideration that the financial statements should be drawn up on a going concern basis.

**II. Information provided**

**10) Accounting records**

- i) All the accounting records have been made available to you for the purpose of your audit and all the transactions undertaken have been properly reflected and recorded in the accounting records. All other records and related information which might affect the truth and fairness of, or necessary disclosure in, the financial statements, including minutes of Directors, shareholders and relevant management meetings, have been made available to you and no such information has been withheld. We have also provided unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- ii) All transactions undertaken by the Company have been properly reflected in the accounting records and the financial statements.

**11) Related parties**

We confirm, that we have disclosed to you the identity of the Company's related parties and all the related party relationships and transactions of which we are aware. We also confirm that we have appropriately accounted for and disclosed in the financial statements all related party transactions relevant to the Company and that we are not aware of any other such matters required to be disclosed in the financial statements under International Accounting Standard 24 'Related Party Disclosures'.

**12) Fraud**

- i) We acknowledge as Directors that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud and error.
- ii) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

- iii) We have disclosed to you all information relating to any fraud or suspected fraud known to us that may have affected the Company (regardless of the source or form and including, without limitation, allegations by "whistle-blowers"), and involves management, employees who have significant roles in internal control or others where fraud could have a material effect on the financial statements. We have also disclosed any allegations of fraud or suspected fraud communicated by employees, former employees, analysts, regulators or others, that could affect the Company's financial statements.

### **13) Laws and regulations**

- i) We confirm that we are not aware of any instances of actual or potential breaches of or non-compliance with laws and regulations that are central to the Company's ability to conduct its business or that could have a material effect on the financial statements.
- ii) We confirm that we are not aware of any irregularities, or allegations of irregularities including fraud, involving management or employees who have a significant role in the accounting and internal control systems, or that could have a material effect on the financial statements.

### **14) Contractual arrangements / agreements**

- i) All contractual arrangements entered into by the Company with third parties have been properly reflected in the accounting records or, where material (or potentially material) to the financial statements, have been disclosed to you.
  - ii) The Company has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance.
  - iii) There are no other agreements not in the ordinary course of business.
- 15) The Company has satisfactory title to all assets and there are no liens or encumbrances on the Company's assets, except for those disclosed in the financial statements.

### **16) Investments**

We have disclosed to you our plans regarding long term investments (investments in subsidiary undertakings) that are material to the financial statements, in particular whether the Company has the ability to continue to hold the investments on a long-term basis.

## **III. Other representations**

### **Assets and liabilities**

- 17) We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- 18) In our opinion on realization in the ordinary course of business, the current assets in statement of financial position are expected to produce no less than the carrying amounts at which they are stated.

### **Provisions**

- 19) Full provision has been made for all liabilities at the reporting date including guarantees, commitments and contingencies where the items are expected to result in significant loss to the Company. Other such items, where in our opinion provision is unnecessary, have been appropriately disclosed in the financial statements.

### **Disclosures**

- 20) We have recorded or disclosed, as appropriate, all liabilities, both actual and contingent, and have disclosed in the notes to the financial statements all guarantees that we have given to third parties, including oral guarantees made by the Company on behalf of an affiliate, Director, officer or any other third party.

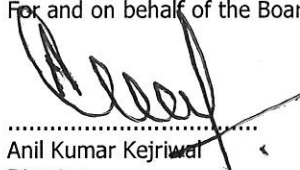
**21) Taxation**

We have provided you with all information related to all significant income tax uncertainties of which we are aware. We have also provided you with access to all opinions and analyses that relate to positions we have taken in regard to significant income tax matters.

**22) Transactions with Directors/officers**

Except as disclosed in the financial statements, no other transactions involving Directors, officers and others requiring disclosure in the financial statements under the Companies Law, Cap. 113 have been entered into.

Yours faithfully,  
For and on behalf of the Board of Directors



.....  
Anil Kumar Kejriwal  
Director

.....  
Growthpoint Holdings Limited  
Director

