

**RALAEEL HOLDINGS LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
Year ended 31 December 2015

# **RALAEEL HOLDINGS LIMITED**

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## **REPORT AND FINANCIAL STATEMENTS**

Year ended 31 December 2015

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# **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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## REPORT OF THE BOARD OF DIRECTORS

The Board of Directors presents its report and audited financial statements of the Company for the year ended 31 December 2015.

### **Principal activities**

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

### **Branches**

During the year ended 31 December 2015 the Company did not operate any branches.

### **Review of current position, future developments and significant risks**

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.

Additional details that relate to the operating environment of the Company as well as other risks and uncertainties are described in notes 3 and 16 of the financial statements.

### **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 2015, thus the Board of Directors cannot recommend the payment of a dividend.

### **Share capital**

#### **Issued capital**

On 20 April 2015, the Company issued 330 ordinary shares of nominal value of €1 each, at a premium €3.750 realising €3.751, including the share premium of €1.237.500.

On 7 October 2015, the Company issued 405 ordinary shares of nominal value of €1 each, at a premium €3.732 realising €3.733, including the share premium of €1.511.460.

### **Board of Directors**

The members of the Company's Board of Directors as at 31 December 2015 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.

## **RALAEEL HOLDINGS LIMITED**

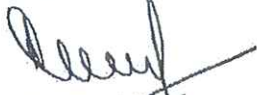
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### **REPORT OF THE BOARD OF DIRECTORS**

#### **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

Limassol, 4 May 2016

## Independent auditor's report

### To the Members of Ralael Holdings Limited

#### Report on the financial statements

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 2015, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *Board of Directors' responsibility 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.

#### *Auditor's responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of parent company Ralael Holdings Limited as at 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

## Independent auditor's report (continued)

### To the Members of Ralael Holdings Limited

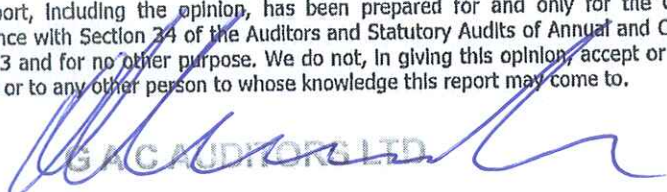
#### Report on other legal requirements

Pursuant to the additional requirements of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 and 2013, 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 information given in the report of the Board of Directors is consistent with the financial statements.

#### 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 24 of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 and 2013 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.



George Charalambous  
Certified Public Accountant and Registered Auditor  
for and on behalf of  
**GAC Auditors Ltd**  
Certified Public Accountants and Registered Auditors

Larnaca, 4 May 2016

## RALAEI HOLDINGS LIMITED

### STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME Year ended 31 December 2015

	Note	2015 €	2014 €
Interest Income		412,841	10,681
Administration expenses	5	<u>(8,785)</u>	<u>(4,894)</u>
<b>Operating profit</b>		<b>404,056</b>	<b>5,787</b>
Finance Income		-	526
Finance costs		<u>(1,600,445)</u>	<u>(343,074)</u>
Net finance costs	6	<u>(1,600,445)</u>	<u>(342,548)</u>
<b>Loss before taxation</b>		<b>(1,196,389)</b>	<b>(336,761)</b>
Taxation	7	<u>(2,558)</u>	-
<b>Net loss for the year</b>		<b>(1,198,947)</b>	<b>(336,761)</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive expense for the year</b>		<b><u>(1,198,947)</u></b>	<b><u>(336,761)</u></b>

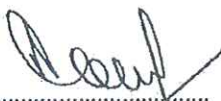
The notes on pages 10 to 20 form an integral part of these financial statements.

# RALAEI HOLDINGS LIMITED

## STATEMENT OF FINANCIAL POSITION 31 December 2015

	Note	2015 €	2014 €
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investments In subsidiary	8	36,300,000	31,100,000
Non-current loans receivable	9	5,912,841	-
		<u>42,212,841</u>	<u>31,100,000</u>
<b>Current assets</b>			
Cash at bank	10	59,466	67,041
		<u>59,466</u>	<u>67,041</u>
<b>Total assets</b>		<u>42,272,307</u>	<u>31,167,041</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	11	2,735	2,000
Share premium		10,872,960	8,124,000
Accumulated losses		(1,851,483)	(652,536)
		<u>9,024,212</u>	<u>7,473,464</u>
Advances from shareholders	12	3,700,305	1,250,000
<b>Total equity</b>		<u>12,724,517</u>	<u>8,723,464</u>
<b>Non-current liabilities</b>			
Borrowings	13	29,393,203	22,293,999
		<u>29,393,203</u>	<u>22,293,999</u>
<b>Current liabilities</b>			
Creditors and accruals	14	26,896	24,445
Borrowings	13	125,133	125,133
Current tax liabilities	15	2,558	-
		<u>154,587</u>	<u>149,578</u>
<b>Total liabilities</b>		<u>29,547,790</u>	<u>22,443,577</u>
<b>Total equity and liabilities</b>		<u>42,272,307</u>	<u>31,167,041</u>

On 4 May 2016 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 20 form an integral part of these financial statements.

## RALAEEL HOLDINGS LIMITED

### STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2015

	Note	Share capital €	Share premium €	Advances from shareholders €	Accumulated losses €	Total €
<b>Balance at 1 January 2014</b>		<b>2.000</b>	<b>8.124.000</b>	<b>-</b>	<b>(315.775)</b>	<b>7.810.225</b>
<b>Comprehensive expense</b>						
Net loss for the year		-	-	-	(336.761)	(336.761)
<b>Transactions with owners</b>						
Advances from shareholders	12	-	-	1.250.000	-	1.250.000
<b>Balance at 31 December 2014/ 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 expense</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
Advances from shareholders	12	-	-	2.450.305	-	2.450.305
<b>Balance at 31 December 2015</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>

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 20% for the tax years 2012 and 2013 and 17% for 2014 and thereafter will be payable on such deemed dividends to the extent that the shareholders (companies and individuals) are Cyprus tax residents. 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 20 form an integral part of these financial statements.

## RALAEEL HOLDINGS LIMITED

### STATEMENT OF CASH FLOWS

Year ended 31 December 2015

	Note	2015 €	2014 €
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before taxation		(1.196.389)	(336.761)
Adjustments for:			
Unrealised exchange profit		-	(526)
Interest income		(412.841)	(10.681)
Interest expense	6	1.599.204	342.103
		(10.026)	(5.865)
<b>Changes in working capital:</b>			
Increase in creditors and accruals		2.451	-
<b>Cash used in operations</b>		(7.575)	(5.865)
Interest received		-	10.681
<b>Net cash (used in)/generated from operating activities</b>		(7.575)	4.816
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Increase in Investment in subsidiary	8	(5.200.000)	(4.250.000)
Loans granted		(5.500.000)	-
<b>Net cash used in investing activities</b>		(10.700.000)	(4.250.000)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from Issue of share capital)		2.749.695	-
Advances from shareholders		2.450.305	1.250.000
Increase from borrowings		7.099.204	3.339.122
Unrealised exchange profit		-	526
Interest paid		(1.599.204)	(342.103)
<b>Net cash generated from financing activities</b>		10.700.000	4.247.545
<b>Net (decrease)/increase in cash and cash equivalents</b>		(7.575)	2.361
Cash and cash equivalents at beginning of the year		67.041	64.680
<b>Cash and cash equivalents at end of the year</b>		59.466	67.041

The cash and cash equivalents include the following:

	2015 €	2014 €
Cash at bank (Note 10)	59.466	67.041
	59.466	67.041

The notes on pages 10 to 20 form an integral part of these financial statements.

# **RALAEEL HOLDINGS LIMITED**

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## **NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 December 2015

### **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**

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.

These financial statements are the separate financial statements of the Company. The Company is not required by the Cyprus Companies Law, Cap.113, to prepare consolidated financial statements because the ultimate parent company publishes consolidated financial statements in accordance with Generally Accepted Accounting Principles in India and the Company does not intend to issue consolidated financial statements for the year ended 31 December 2015.

Since the 7th Directive of the European Union permits the preparation of consolidated financial statements in accordance with the Directive or in a manner equivalent to the Directive, and since the Cyprus Companies Law, Cap. 113, provides the aforementioned exemption, 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.

#### **Functional and presentation currency**

The financial statements are presented in Euro (€) which is the functional currency of the Company.

#### **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 2015. 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.

## **RALAEI HOLDINGS LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 December 2015

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

##### **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.

##### **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 tax 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 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 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.

## **RALAEI HOLDINGS LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 December 2015

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

##### **Financial instruments (continued)**

###### 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.

###### 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.

# RALAEI HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

### 3. Financial risk management

#### Financial risk factors

The Company is exposed to interest rate risk, credit risk, liquidity risk, share ownership risk, capital risk management and other risks 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:

	2015	2014
	€	€
<b>Fixed rate instruments</b>		
Financial liabilities	-	(19,361,229)
<b>Variable rate instruments</b>		
Financial assets	5,912,841	-
Financial liabilities	<u>(29,518,336)</u>	<u>(3,057,903)</u>
	<u>(23,605,495)</u>	<u>(22,419,132)</u>

#### 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 loans are made to customers with an appropriate credit history and monitors on a continuous basis the aging 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:

	2015	2014
	€	€
Loans receivables from related parties	5,912,841	-
Cash at bank	<u>59,466</u>	<u>67,041</u>
	<u>5,972,307</u>	<u>67,041</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.

## RALAEI HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

#### 3. Financial risk management (continued)

##### 3.3 Liquidity risk (continued)

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	33,572,733	-	125,133	-	33,447,600	-
Creditors and accruals	26,896	26,896	-	26,896	-	-	-
	<b>29,545,232</b>	<b>33,599,629</b>	-	<b>152,029</b>	-	<b>33,447,600</b>	-
31 December 2014	Carrying amounts €	Contractual cash flows €	3 months or less €	3-12 months €	1-2 years €	2-5 years €	More than 5 years €
Borrowings	22,419,132	23,719,881	-	125,133	-	23,594,748	-
Creditors and accruals	24,445	24,445	-	24,445	-	-	-
	<b>22,443,577</b>	<b>23,744,326</b>	-	<b>149,578</b>	-	<b>23,594,748</b>	-

##### 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.

##### 3.5 Capital risk management

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

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 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.

# RALAEI HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

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

#### • Impairment of investments in subsidiary

The Company periodically evaluates the recoverability of investments in subsidiary 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 subsidiary 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.

#### • 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

	2015	2014
	€	€
Auditors' remuneration - current year	1,967	1,520
Auditors' remuneration - prior years	447	78
Legal and professional	6,021	2,946
Annual levy	350	350
<b>Total expenses</b>	<b>8,785</b>	<b>4,894</b>

### 6. Finance income/(cost)

	2015	2014
	€	€
Exchange profit	-	526
<b>Finance income</b>	<b>-</b>	<b>526</b>
Interest expense	(1,599,204)	(342,103)
Sundry finance expenses	(1,241)	(971)
<b>Finance costs</b>	<b>(1,600,445)</b>	<b>(343,074)</b>
<b>Net finance costs</b>	<b>(1,600,445)</b>	<b>(342,548)</b>

### 7. Taxation

	2015	2014
	€	€
Corporation tax - current year	2,558	-
<b>Charge for the year</b>	<b>2,558</b>	<b>-</b>

## RALAEI HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

#### 7. Taxation (continued)

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

	2015	2014
	€	€
Loss before taxation	<u>(1.196.389)</u>	<u>(336.761)</u>
Taxation calculated at the applicable tax rates	(149.549)	(42.095)
Tax effect of expenses not deductible for taxation purposes	204.027	42.948
Tax effect of allowances and Income not subject to taxation	(51.605)	(1.401)
Tax effect of tax losses brought forward	(548)	-
Tax effect of tax loss for the year	-	548
10% additional charge	233	-
<b>Tax charge</b>	<u><b>2.558</b></u>	<u>-</u>

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 20% for the tax years 2012 and 2013 and 17% for 2014 and thereafter.

#### 8. Investments in subsidiary

	2015	2014
	€	€
Balance at 1 January	31.100.000	26.850.000
Additions	<u>5.200.000</u>	<u>4.250.000</u>
<b>Balance at 31 December</b>	<u><b>36.300.000</b></u>	<u>31.100.000</u>

The details of the subsidiaries are as follows:

Name	Country of Incorporation	Principal activities	2015	2014	2015	2014
			Holding	Holding	€	€
			%	%		
Jindal Saw Italia S.p.A.	Italy	Production of Iron pipes	100	100	<u>36.300.000</u>	<u>31.100.000</u>
					<u><b>36.300.000</b></u>	<u>31.100.000</u>

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

On 14 July 2011, Jindal Saw Italia S.p.A. increased its share capital by Euro 4.990.000.

During the year 2012, Jindal Saw Italia S.p.A. increased its share capital by Euro 11.250.000.

During the year 2013, Jindal Saw Italia S.p.A. increased its share capital by Euro 10.600.000.

During the year 2014, Jindal Saw Italia S.p.A. increased its share capital by Euro 4.250.000.

During the year 2015, Jindal Saw Italia S.p.A. increased its share capital by Euro 5.200.000.

The above investment is carried at cost.

## RALAEI HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

#### 9. Non-current loans receivable

	2015	2014
	€	€
Loans to own subsidiary (Note 17.1)	<u>5.912.841</u>	-
	<u>5.912.841</u>	-

The loans are repayable as follows:

	2015	2014
	€	€
Between one and five years	<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 2015 comprises of the principal amount €5,500,000 and accrued interest of €412,841. The interest charge during the year amounted to €412,841.

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

The fair values of non-current receivables approximate to their carrying amounts as presented above.

#### 10. Cash at bank

	2015	2014
	€	€
Cash at bank	<u>59.466</u>	67.041
	<u>59.466</u>	67.041

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

	2015	2015	2014	2014
	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	2.000	2.000	2.000	2.000
Issue of shares	<u>735</u>	<u>735</u>	-	-
<b>Balance at 31 December</b>	<u>2.735</u>	<u>2.735</u>	2.000	2.000

#### Issued capital

On 20 April 2015, the Company issued 330 ordinary shares of nominal value of €1 each, at a premium €3,750 realising €3,751, including the share premium of €1,237,500.

## RALAEI HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2015

#### 11. Share capital (continued)

On 7 October 2015, the Company Issued 405 ordinary shares of nominal value of €1 each, at a premium €3.732 realising €3.733, including the share premium of €1.511.460.

#### 12. Advances from shareholders

	2015	2014
	€	€
Balance at 1 January	1,250,000	-
Advances received	2,450,305	1,250,000
<b>Balance at 31 December</b>	<b>3,700,305</b>	<b>1,250,000</b>

The advance from shareholders is made available to the Board of Directors for future increases of the share capital of the Company.

#### 13. Borrowings

	2015	2014
	€	€
<b>Current borrowings</b>		
Loan from parent company (Note 17.2)	125,133	125,133
	<u>125,133</u>	<u>125,133</u>
<b>Non-current borrowings</b>		
Loan from third party	23,469,876	22,293,999
Loan from parent company (Note 17.2)	5,923,327	-
	<u>29,393,203</u>	<u>22,293,999</u>
<b>Total</b>	<b>29,518,336</b>	<b>22,419,132</b>

Maturity of non-current borrowings:

	2015	2014
	€	€
Between two and five years	29,393,203	22,293,999

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 interest charge for the year was €423,327 (2014:€43,736).

The above loans from third party are unsecured, carry interest at rate of 3 months Libor plus 4,65% per annum. The loans are repayable up to 29 August 2019. The above loans include accrued interest of €1,669,876 (2014:€493,999). The interest charge for the year was €1,175,877 (2014:€298,098).

## RALAEEL HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

#### 14. Creditors and accruals

	2015	2014
	€	€
Shareholders' current accounts - credit balances (Note 17.3)	22,924	22,924
Accruals	3,972	1,521
	<u>26,896</u>	<u>24,445</u>

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

#### 15. Current tax liabilities

	2015	2014
	€	€
Corporation tax	2,558	-
	<u>2,558</u>	<u>-</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.

#### 17. Related party transactions

The Company is controlled by Jindal Saw Limited, which is incorporated in India and controls 100% of the issued share capital.

The following transactions were carried out with related parties:

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

	2015	2014
	€	€
Jindal Saw Italia S.p.A.	5,912,841	-
	<u>5,912,841</u>	<u>-</u>

Details of the above loan are shown in Note 9.

## RALAEI HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2015

#### 17. Related party transactions (continued)

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

	2015	2014
	€	€
Jindal Saw Limited	<u>6.048.460</u>	<u>125.133</u>
	<u>6.048.460</u>	<u>125.133</u>

Details of the above loans are shown in Note 13.

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

	2015	2014
	€	€
Amount due to shareholders	<u>22.924</u>	<u>22.924</u>
	<u>22.924</u>	<u>22.924</u>

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

#### 18. Contingent liabilities

The Company had no contingent liabilities as at 31 December 2015.

#### 19. Commitments

The Company had no capital or other commitments as at 31 December 2015.

#### 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 4 and 5**

## RALAEI HOLDINGS LIMITED

### DETAILED INCOME STATEMENT

Year ended 31 December 2015

	Page	2015 €	2014 €
Interest Income		412,841	10,681
<b>Operating expenses</b>			
Administration expenses	22	<u>(8,785)</u>	(4,894)
<b>Operating profit</b>		<b>404,056</b>	5,787
Finance Income	23	-	526
Finance costs	23	<u>(1,600,445)</u>	(343,074)
<b>Loss for the year before taxation</b>		<b><u>(1,196,389)</u></b>	<b>(336,761)</b>

## RALAEI HOLDINGS LIMITED

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### OPERATING EXPENSES

Year ended 31 December 2015

	2015	2014
	€	€
<b>Administration expenses</b>		
Auditors' remuneration - current year	1.967	1.520
Auditors' remuneration - prior years	447	78
Legal and professional	6.021	2.946
Annual levy	350	350
	<u>8.785</u>	<u>4.894</u>

## RALAEI HOLDINGS LIMITED

### FINANCE INCOME/COST

Year ended 31 December 2015

	2015	2014
	€	€
<b>Finance income</b>		
Unrealised foreign exchange profit	-	526
	<u>-</u>	<u>526</u>
<b>Finance costs</b>		
<b>Interest expense</b>		
Loan Interest	1,599,204	342,103
<b>Sundry finance expenses</b>		
Bank charges	1,241	971
	<u>1,600,445</u>	<u>343,074</u>

## RALAEEL HOLDINGS LIMITED

### COMPUTATION OF CORPORATION TAX Year ended 31 December 2015

Loss per detail Income statement	Page 21	€	€
	6		(1.196.389)
<u>Add:</u>			
Annual levy		350	
Auditors' remuneration - current year		1.967	
Auditors' remuneration - prior years		447	
Legal and professional		6.021	
Bank charges		1.241	
Loan Interest		1.599.204	
Interest Income in order to obtain the profit margin of 0,35%		24.340	
Less: Portion of allowable expenses for the tax purposes		(1.355)	
			<u>1.632.215</u>
			435.826
<u>Less:</u>			
Interest Income		412.841	
			<u>(412.841)</u>
<b>Chargeable Income for the year</b>			<u><b>22.985</b></u>
Loss brought forward			<u>(4.382)</u>
<b>Chargeable income</b>			<u><b>18.603</b></u>
<u>Calculation of corporation tax</u>			
	Income	Rate	Total
	€	%	€ c
<b>Taxation at normal rates:</b>			
Chargeable Income as above	<u>18.603</u>	12,50	2.325,38
10% additional charge			<u>232,54</u>
<b>TAX PAYABLE</b>			<u><b>2.557,92</b></u>

#### CALCULATION OF TAX LOSSES FOR THE FIVE YEAR PERIOD

Tax year	2010	2011	2012	2013	2014	2015
	€	€	€	€	€	€
Profits/(losses) for the tax year	-	-	-	-	(4.382)	22.985
Gains Offset (€)	-	-	-	-	-	-
- Year						
Gains Offset (€)	-	-	-	-	-	-
- Year						
Gains Offset (€)	-	-	-	-	-	-
- Year						
Gains Offset (€)	-	-	-	-	-	-
- Year						
Gains Offset (€)	-	-	-	-	-	-
- Year						