

RALAEI HOLDINGS LIMITED

REPORT AND FINANCIAL STATEMENTS
Year ended 31 December 2020

RALAEEL HOLDINGS LIMITED

REPORT AND FINANCIAL STATEMENTS

Year ended 31 December 2020

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RALAEEL HOLDINGS LIMITED

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:

Anil Kumar Kejriwal
Growthpoint Holdings Limited
Prithavi Raj Jindal

Company Secretary:

Trident Trust Company (Cyprus) Limited

Independent Auditors:

GAC Auditors Ltd
Certified Public Accountants and Registered Auditors

Registered office:

Griva Digeni 115
Trident Centre
3101 Limassol
Cyprus

Bankers:

State Bank of India

Registration number:

HE270293

RALAEI HOLDINGS LIMITED

MANAGEMENT REPORT

The Board of Directors presents its report and audited financial statements of the Company for the year ended 31 December 2020.

Principal activities and nature of operations of the Company

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

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

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

Principal risks and uncertainties

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

Existence of branches

The Company does not maintain any branches.

Results

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

Dividends

The Company did not have any distributable profits as at 31 December 2020, thus the Board of Directors cannot recommend the payment of a dividend.

Share capital

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

Board of Directors

The members of the Company's Board of Directors as at 31 December 2020 and at the date of this report are presented on page 1. All of them were members of the Board of Directors throughout the year ended 31 December 2020.

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

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

Events after the reporting period

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


Related party transactions

Disclosed in note 19 of the financial statements.

Independent Auditors

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

By order of the Board of Directors,


Growthpoint Holdings Limited
Director

Larnaka, 28 January 2021

Independent Auditor's Report

To the Members of Ralael Holdings Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Ralael Holdings Limited (the "Company"), which are presented in pages 6 to 21 and comprise the statement of financial position as at 31 December 2020, 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 Company as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Basis for Opinion

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

Responsibilities of the Board of Directors for the Financial Statements

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

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

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

Independent Auditor's Report (continued)

To the Members of Ralael Holdings Limited

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

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

Report on Other Legal Requirements

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

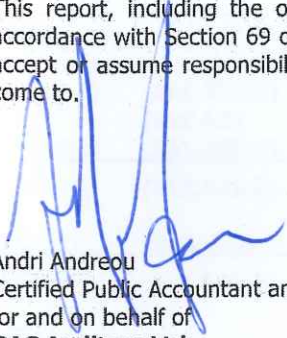
- In our opinion, the Management Report has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap 113, and the information given is consistent with the financial statements.
- In our opinion, and in the light of the knowledge and understanding of the Company and its environment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

Independent Auditor's Report (continued)

To the Members of Ralael Holdings Limited

Other Matter

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



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

Larnaka, 28 January 2021

RALAEEL HOLDINGS LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2020

	Note	2020 €	2019 €
Revenue			
Interest income		-	192.877
Impairment of loan receivable	12	(2.677.246)	(2.117.000)
Administration expenses		(14.286)	(13.872)
Exceptional item	11	<u>(3.520.742)</u>	<u>(5.938.000)</u>
Operating loss		(6.212.274)	(7.875.995)
Finance costs	9	<u>(407.860)</u>	<u>(633.727)</u>
Loss before taxation		(6.620.134)	(8.509.722)
Taxation	10	-	(1.346)
Net loss for the year		(6.620.134)	(8.511.068)
Other comprehensive income		-	-
Total comprehensive expense for the year		<u>(6.620.134)</u>	<u>(8.511.068)</u>

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

RALAEI HOLDINGS LIMITED

STATEMENT OF FINANCIAL POSITION 31 December 2020

	Note	2020 €	2019 €
ASSETS			
Non-current assets			
Investment	11	<u>319,258</u>	<u>3,840,000</u>
		<u>319,258</u>	<u>3,840,000</u>
Current assets			
Loans receivable	12	-	2,677,245
Refundable taxes	18	9,667	9,612
Cash at bank	13	<u>17,499</u>	<u>28,339</u>
		<u>27,166</u>	<u>2,715,196</u>
Total assets		<u>346,424</u>	<u>6,555,196</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	14	3,725	3,725
Share premium		14,571,600	14,571,600
Accumulated losses		<u>(22,666,239)</u>	<u>(16,046,105)</u>
		<u>(8,090,914)</u>	<u>(1,470,780)</u>
Advances from shareholders	15	<u>675</u>	<u>675</u>
Total equity		<u>(8,090,239)</u>	<u>(1,470,105)</u>
Non-current liabilities			
Borrowings	16	<u>8,387,895</u>	<u>474,505</u>
		<u>8,387,895</u>	<u>474,505</u>
Current liabilities			
Creditors and accruals	17	48,768	42,880
Borrowings	16	-	7,505,617
Current tax liabilities	18	-	2,099
		<u>48,768</u>	<u>7,550,796</u>
Total liabilities		<u>8,436,663</u>	<u>8,025,301</u>
Total equity and liabilities		<u>346,424</u>	<u>6,555,196</u>

On 28 January 2021 the Board of Directors of Ralael Holdings Limited authorised these financial statements for issue.


Anil Kumar Kejriwal
Director


Growthpoint Holdings Limited
Director

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

RALAEI HOLDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2020

	Share capital €	Share premium €	Advances from shareholders €	Accumulated losses €	Total €
Balance at 1 January 2019	3.725	14.571.600	675	(7.535.037)	7.040.963
Comprehensive expense					
Net loss for the year	-	-	-	(8.511.068)	(8.511.068)
Balance at 31 December 2019	3.725	14.571.600	675	(16.046.105)	(1.470.105)
Balance at 1 January 2020	3.725	14.571.600	675	(16.046.105)	(1.470.105)
Comprehensive expense					
Net loss for the year	-	-	-	(6.620.134)	(6.620.134)
Balance at 31 December 2020	3.725	14.571.600	675	(22.666.239)	(8.090.239)

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

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

RALAEI HOLDINGS LIMITED

STATEMENT OF CASH FLOWS

Year ended 31 December 2020

	2020	2019
	€	€
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(6.620.134)	(8.509.722)
Adjustments for:		
Impairment charge - Investments in subsidiary	11 3.520.742	5.938.000
Impairment charge - loans receivable	2.677.246	2.117.000
Interest expense	9 407.573	633.367
	(14.573)	178.645
Changes in working capital:		
Decrease in receivables	-	1.784
Increase in creditors and accruals	5.887	748
Cash (used in)/generated from operations	(8.686)	181.177
Taxation paid	(2.154)	(1.400)
Net cash (used in)/generated from operating activities	(10.840)	179.777
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in loan receivable	-	(192.877)
Net cash used in investing activities	-	(192.877)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	-	30.000
Net cash generated from financing activities	-	30.000
Net (decrease)/increase in cash and cash equivalents	(10.840)	16.900
Cash and cash equivalents at beginning of the year	28.339	11.439
Cash and cash equivalents at end of the year	17.499	28.339

The cash and cash equivalents include the following:

	2020	2019
	€	€
Cash at bank (Note 13)	17.499	28.339
	17.499	28.339

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

RALAEEL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

1. Incorporation and principal activities

Country of incorporation

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

Principal activities

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

2. Basis of preparation

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

3. Adoption of new or revised standards and interpretations

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2020. This adoption did not have a material effect on the accounting policies of the Company.

4. Significant accounting policies

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

Revenue

Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a Customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control of a product or service to a Customer.

- **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.

Foreign currency translation

(1) Functional and presentation currency

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Euro (€), which is the Company's functional and presentation currency.

(2) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

RALAEEL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

4. Significant accounting policies (continued)

Taxation

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

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

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

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

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

Financial assets - Classification

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

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

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

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

All other financial assets are classified as measured at FVTPL.

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

Financial assets - Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

RALAEEL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

4. Significant accounting policies (continued)

Financial assets - Measurement (continued)

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There Company classifies its debt instruments at amortised cost:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in 'other income'. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss and other comprehensive income. Financial assets measured at amortised cost (AC) comprise: cash and cash equivalents, bank deposits with original maturity over 3 months, trade receivables and financial assets at amortised cost.

Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's Management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment, any related balance within the FVOCI reserve is reclassified to retained earnings. The Company's policy is to designate equity investments as FVOCI when those investments are held for strategic purposes other than solely to generate investment returns. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in "other gains/(losses)" in the statement of profit or loss and other comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Financial assets - impairment - credit loss allowance for ECL

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

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

Debt instruments measured at AC are presented in the statement of financial position net of the allowance for ECL.

Cash and cash equivalents

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

Financial liabilities - measurement categories

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

RALAEEL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

4. Significant accounting policies (continued)

Borrowings

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

Share capital

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

Provisions

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

Non-current liabilities

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

Comparatives

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

5. New accounting pronouncements

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

6. Financial risk management

Financial risk factors

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

6.1 Interest rate risk

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

RALAEEL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

6. Financial risk management (continued)

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

	2020 €	2019 €
Fixed rate instruments		
Financial assets	-	2,677,245
Financial liabilities	<u>(8,387,895)</u>	<u>(7,980,322)</u>
	<u>(8,387,895)</u>	<u>(5,303,077)</u>

6.2 Credit risk

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

(i) Risk management

Credit risk is managed on a group basis.

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

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

6.3 Liquidity risk

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

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

31 December 2020	Carrying amounts €	Contractual cash flows €	3 months or less €	3-12 months €	1-2 years €	2-5 years €	More than 5 years €
Borrowings	8,387,895	8,387,895	-	-	-	8,387,895	-
Creditors and accruals	25,844	25,844	-	25,844	-	-	-
Payables to related parties	22,924	22,924	-	22,924	-	-	-
	<u>8,436,663</u>	<u>8,436,663</u>	<u>-</u>	<u>48,768</u>	<u>-</u>	<u>8,387,895</u>	<u>-</u>
31 December 2019	Carrying amounts €	Contractual cash flows €	3 months or less €	3-12 months €	1-2 years €	2-5 years €	More than 5 years €
Borrowings	7,980,322	7,980,322	-	-	-	7,980,322	-
Creditors and accruals	19,956	19,956	-	19,956	-	-	-
Payables to related parties	22,924	22,924	-	22,924	-	-	-
	<u>8,023,202</u>	<u>8,023,202</u>	<u>-</u>	<u>42,880</u>	<u>-</u>	<u>7,980,322</u>	<u>-</u>

RALAEI HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

6. Financial risk management (continued)

6.4 Share ownership risk

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

6.5 Capital risk management

Capital includes equity shares and share premium.

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

Fair value estimation

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

7. Critical accounting estimates and judgments

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

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

Judgments

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.

- **Impairment of financial assets**

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

RALAEI HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

8. Expenses by nature

	2020	2019
	€	€
Auditor's remuneration	2.200	2.023
Professional fees	11.595	11.499
Annual levy	350	350
Fines	141	-
Total expenses	14.286	13.872

9. Finance costs

	2020	2019
	€	€
Interest expense	407.573	633.367
Sundry finance expenses	287	360
Finance costs	407.860	633.727

10. Taxation

	2020	2019
	€	€
Corporation tax	-	1.346
Charge for the year	-	1.346

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

	2020	2019
	€	€
Loss before taxation	(6.620.134)	(8.509.722)
Taxation calculated at the applicable tax rates	(827.517)	(1.063.715)
Tax effect of expenses not deductible for taxation purposes	827.517	1.089.171
Tax effect of allowances and income not subject to taxation	-	(24.110)
Tax charge	-	1.346

The corporation tax rate is 12,5%.

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

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

RALAEI HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

11. Investment

	2020	2019
	€	€
Balance at 1 January	3.840.000	46.200.000
Additions	-	1.000.000
Disposals	-	(37.422.000)
Impairment charge	(3.520.742)	(5.938.000)
Balance at 31 December	319.258	3.840.000

The details of the investment are as follows:

Name	Country of incorporation	Principal activities	2020 Holding %	2019 Holding %	2020 €	2019 €
Jindal Saw Italia S.p.A	Italy	Production of iron pipes	19	19	319.258	3.840.000
					319.258	3.840.000

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

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

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

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

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

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

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

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

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

The Company's financial asset through other comprehensive income was revalued at 31 December 2019 at the amount of €3.840.000, resulting in a fair value loss of €5.938.000, which was recognized as an impairment charge through profit or loss

During the current year, the Company's financial asset through other comprehensive income was revalued at the amount of €319.258, resulting in a fair value loss of €3.520.742, which was recognized as an impairment charge through profit or loss.

The above investment is stated at fair value.

RALAEEL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

12. Loans receivable

	2020	2019
	€	€
Loans to related parties (Note 19.1)	-	2,677,245
	<u>-</u>	<u>2,677,245</u>

On 15 March 2015, the Company entered into a loan agreement with its subsidiary Jindal Saw Italia S.p.A. for an amount of €9,000,000 at the rate of twelve month Euribor plus 5,75% per annum. The loan is unsecured and is repayable in a single trench (Bullet) by 31 October 2020.

On 8 February 2017 the Company entered into a loan agreement with its subsidiary Jindal Saw Italia S.p.A for an amount of €1,517,000 at a rate of 12 month plus 5,75% per annum. The loan is unsecured and repayable in a single trench (Bullet) by 31 October 2020.

During October 2019, Jindal Saw Italia S.p.A. renounced the amount of €2,117,000 of the loan receivable to the Company resulting in an impairment €2,117,000 to the profit or loss.

During the current year, Jindal Saw Italia S.p.A. renounced the amount of €2,677,246 of the loan receivable to the Company resulting in an impairment €2,677,246 to the profit or loss.

13. Cash at bank

	2020	2019
	€	€
Cash at bank	17,499	28,339
	<u>17,499</u>	<u>28,339</u>

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

14. Share capital

	2020 Number of shares	2020 €	2019 Number of shares	2019 €
Authorised				
Ordinary shares of €1 each	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>
Issued and fully paid				
Balance at 1 January	<u>3,725</u>	<u>3,725</u>	<u>3,725</u>	<u>3,725</u>
Balance at 31 December	<u>3,725</u>	<u>3,725</u>	<u>3,725</u>	<u>3,725</u>

15. Advances from shareholders

	2020	2019
	€	€
Balance at 1 January	675	675
Balance at 31 December	<u>675</u>	<u>675</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.

RALAEEL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

16. Borrowings

	2020	2019
	€	€
Current borrowings		
Loan from parent company (Note 19.2)	-	7.505.817
	<u>-</u>	<u>7.505.817</u>
Non-current borrowings		
Loan from third party	486.724	474.505
Loan from parent company (Note 19.2)	7.901.171	-
	<u>8.387.895</u>	<u>474.505</u>
Total	<u>8.387.895</u>	<u>7.980.322</u>

Maturity of non-current borrowings:

	2020	2019
	€	€
Between two and five years	<u>8.387.895</u>	<u>474.505</u>

The above loans from Jindal Saw Limited have been replaced with a new loan agreement dated 29 May 2017 which is unsecured, carry interest at a rate of 1 year Euribor plus 5,50% per annum and are repayable on 1 March 2022. The period end balance of €7.901.171 (2019: €7,505.817) includes accrued interest of €2.401.171 (2019: €2.005.817). The interest charge for the period was €395.354 (2019: €390.524).

The above loans from third party which comprise of several loans, are unsecured, carry interest at the rate of 3 month Libor plus 4,65% per annum and have different repayment dates, the most distant being 13 March 2023. The period end balance of €486.724 (2019: €474.505) includes accrued interest of €255.061 (2019: €242.842). The interest charge for the period was €12.219 (2019: €242.842). During the year 2019, 81% of the Company's shareholding in its investment was sold to the third party and the sale proceeds were settled through a set off with the loan principal and interest (Note 11).

17. Creditors and accruals

	2020	2019
	€	€
Shareholders' current accounts - credit balances (Note 19.3)	22.924	22.924
Accruals	25.844	19.888
Other creditors	-	68
	<u>48.768</u>	<u>42.880</u>

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

18. Refundable taxes

	2020	2019
	€	€
Corporation tax	-	2.099
Refundable tax	(9.667)	(9.612)
	<u>(9.667)</u>	<u>(7.513)</u>

RALAEEL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

19. Related party transactions

The following transactions were carried out with related parties:

19.1 Loans to related parties (Note 12)

	2020	2019
	€	€
Jindal Saw Italia S.p.A.	4,794,245	4,794,245
Less provision for doubtful loan	<u>(4,794,245)</u>	<u>(2,117,000)</u>
	<u>-</u>	<u>2,677,245</u>

Details of the above loan is presented in Note 12.

19.2 Loans from parent company

	2020	2019
	€	€
Jindal Saw Limited	<u>7,901,171</u>	<u>7,505,817</u>
	<u>7,901,171</u>	<u>7,505,817</u>

Details of the above loan is presented in Note 16.

19.3 Shareholders' current accounts - credit balances (Note 17)

	2020	2019
	€	€
Amount due to shareholder	<u>22,924</u>	<u>22,924</u>
	<u>22,924</u>	<u>22,924</u>

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

19.4 Related party transactions

	Name of related party	Transaction	2020 €
Interest expense	Jindal Saw Limited	Debit: Finance cost Credit: Jindal Saw Limited-interest payable	395,354
Investment	Jindal Saw Italia S.p.A.	Debit: Impairment of investment Credit: Jindal Saw Italia-investment	3,520,742
Reversal of loan	Jindal Saw Italia S.p.A.	Debit: Impairment on loan receivable Credit: Jindal Saw Italia	2,677,246

20. Contingent liabilities

The Company had no contingent liabilities as at 31 December 2020.

21. Commitments

The Company had no capital or other commitments as at 31 December 2020.

RALAEEL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

22. Events after the reporting period

With the recent and rapid development of the Coronavirus disease (COVID-19) outbreak the world economy entered a period of unprecedented health care crisis that has already caused considerable global disruption in business activities and everyday life. Many countries have adopted extraordinary and economically costly containment measures. Certain countries have required companies to limit or even suspend normal business operations. Governments, including the Republic of Cyprus, have implemented restrictions on travelling as well as strict quarantine measures.

Industries such as tourism, hospitality and entertainment are expected to be directly disrupted significantly by these measures. Other industries such as manufacturing and financial services are expected to be indirectly affected and their results to also be negatively affected.

The financial effect of the current crisis on the global economy and overall business activities cannot be estimated with reasonable certainty at this stage, due to the pace at which the outbreak expands and the high level of uncertainties arising from the inability to reliably predict the outcome.

The event is considered as a non-adjusting event and is therefore not reflected in the recognition and measurement of the assets and liabilities in the financial statements as at 31 December 2020.

Management has considered the unique circumstances and the risk exposures of the Company and has concluded that there is no significant impact in the Company's profitability position.

Independent auditor's report on pages 3 to 5

RALAEI HOLDINGS LIMITED

DETAILED INCOME STATEMENT

Year ended 31 December 2020

		2020	2019
	Page	€	€
Revenue			
Interest income		-	192.877
Operating expenses			
Administration expenses	23	(14.286)	(13.872)
Impairment of loan receivable	24	(2.677.246)	(2.117.000)
		(2.691.532)	(1.937.995)
Other operating expenses			
Impairment charge on Investment		(3.520.742)	(5.938.000)
Operating loss		(6.212.274)	(7.875.995)
Finance costs	24	(407.860)	(633.727)
Net loss for the year before taxation		(6.620.134)	(8.509.722)

RALAEEL HOLDINGS LIMITED

ADMINISTRATIVE EXPENSES

Year ended 31 December 2020

	2020 €	2019 €
Administration expenses		
Annual levy	350	350
Auditor's remuneration	2.200	2.023
Professional fees	11.595	11.499
Fines	141	-
	<u>14.286</u>	<u>13.872</u>

RALAEI HOLDINGS LIMITED

FINANCE EXPENSES

Year ended 31 December 2020

	2020	2019
	€	€
Finance costs		
Interest expense		
Loan interest	407,573	633,367
Sundry finance expenses		
Bank charges	<u>287</u>	<u>360</u>
	<u>407,860</u>	<u>633,727</u>

RALAEI HOLDINGS LIMITED

COMPUTATION OF CORPORATION TAX

Year ended 31 December 2020

	Page	€	€
Net loss per income statement	22		(6,620,134)
<u>Add:</u>			
Impairment charge on investment		3,520,742	
Impairment charge - loans to related parties		2,677,246	
Annual levy		350	
Fines		141	
Non-allowable interest		407,573	
Bank charges		287	
Professional fees		13,795	
		<u>13,795</u>	
Chargeable income for the year			<u><u>6,620,134</u></u>