

**Operational Energy Generation FZCO  
Dubai Airport Free Zone**

**Dubai (U.A.E.)**

**Financial Statements &  
Independent Auditor's Report  
for the year ended March 31, 2021**

**Operational Energy Generation FZCO**  
Dubai Airport Free Zone, Dubai (U.A.E.)

**Financial Statements for the year ended March 31, 2021**  
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**Manager's Report**

The manager of the Company has pleasure in submitting this report along with the financial statements of Operational Energy Generation FZCO, Dubai Airport Free Zone, Dubai (U.A.E.) for the year ended March 31, 2021.

**Legal status and shareholder:**

Operational Energy Generation FZCO, is incorporated and registered as a Free Zone Company with Limited Liability with Dubai Airport Free Zone Authority in the emirate of Dubai (U.A.E.) under trade license no. 3150 and having registration no. DAFZ/1472.

M/s Pacific Technical Services India Private Limited, a private limited company registered under certificate of incorporation no. U74900TN1993PTC024165 with Registrar of Companies under The Companies Act 1956 in Chennai, India, is the sole shareholder of the Company as at the reporting date holding share capital of AED 84,000/- (840 shares of AED 100/- each), equivalent to USD 22,870/-. The registered address of M/s Pacific Technical Services India Private Limited is, 5th Floor, Gokul Arcade – East Wing, no. 2, Sardar Patel Road, Adyar Chennai – 600 020.

During the previous year, the name of the Company was changed from 'Operational Energy Generation FZE' to Operational Energy Generation FZCO' as per the regulations of Dubai Airport Free Zone Authority, Dubai (U.A.E.).

During the previous year, Mr. Venkateswaran Natarajan was relieved from the post of manager and Ms. Ravindran Nair Ranjini, Indian national was appointed as the new manager of the Company vide resolution dated December 1, 2019 who handled day to day operations of the Company.

**Operations of the Company:**

The Company is licensed to carry on the activities of trading in power generation, transmission & distribution equipment, engines & machinery spare parts. However, the Company was principally engaged in providing operational & maintenance services to power generating units during the year under review.

The financial highlights of the Company are as below:

	<u>2020-21</u>	<u>2019-20</u>
	<u>USD</u>	<u>USD</u>
Revenue	3,814,904	3,639,234
Gross profit	1,122,628	387,775
Net profit	562,350	47,725
Total liabilities	1,734,715	1,612,632
Equity & shareholder's funds	2,338,610	1,776,260

The COVID-19 outbreak in late 2019, declaration as pandemic in early 2020 and resultant disruptions due to lockdowns and restricted economic activities had impacted the Company's operations & financial performance. The Company is, post-lockdown returning to normal business operation and the management does not see any challenge in preparing these financial statements on going concern assumption. Further the shareholders have resolved to provide necessary financial assistance, as and when required and hence these financial statements are prepared on a going concern assumption.



**Results & dividend:**

Net profit for the year amounted to USD 562,350/- (previous year earned net profit of USD 47,725/-).

Current year net profit along with opening balance of retained earnings is proposed to be carried forward.

**Management's responsibilities & acknowledgements:**

We confirm that management of the Company is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards for Small and Medium-sized Entities (IFRS for SMEs), implementing regulations no. 1/1998 pursuant to Law No. 2 of 1996 (as amended) of Dubai Airport Free Zone Authority.

This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

The Company's management further states that there are no material uncertainties which would make the going concern assumption inappropriate.

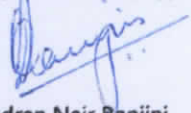
**Events occurring after the reporting date:**

There were no significant events occurring after the reporting date that would materially affect the working or the financial statements of the Company.

**Auditors:**

The Company's auditors, M/s Kothari Auditors & Accountants, Dubai (U.A.E.) are retiring at the end of the annual general meeting of the shareholder and being eligible have expressed their willingness to be re-appointed. A resolution to re-appoint them for the year 2021-22 and to fix their remuneration would be put up before the shareholder at the annual general meeting.

For Operational Energy Generation FZCO

  
Ravindran Nair Ranjini  
Manager



May 10, 2021  
Dubai, United Arab Emirates

**Independent Auditor's Report**

To the shareholder of

**Operational Energy Generation FZCO**

**Dubai Airport Free Zone, Dubai (U.A.E.)**

**Opinion:**

We have audited the financial statements of Operational Energy Generation FZCO, Dubai Airport Free Zone, Dubai (U.A.E.) (the Company), which comprise the statement of financial position as at March 31, 2021, the statement of comprehensive income, statement of changes in equity & shareholder's funds and statement of cash flows for the year then ended, and notes & schedules to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2021, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs) applied on a consistent basis.

**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 ethical requirements that are relevant to our audit of the financial statements in Dubai (U.A.E.) and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Emphasis of matters:**

Without further qualifying our opinion we draw your attention to the following:

- The Company is licensed to carry on the activities of trading in power generation, transmission & distribution equipment, engines & machinery spare parts. However, the Company was principally engaged in providing operational & maintenance services to power generating units during the year under review.
- Independent bank balance confirmation from Emirates Islamic Bank & Mashreq Bank were not available and hence bank balances are subject to confirmation & reconciliation, if there is variance with statement balances.

**Responsibilities of management and those charged with governance for the financial statements:**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs), implementing regulations no. 1/1998 pursuant to Law No. 2 of 1996 (as amended) of Dubai Airport Free Zone Authority and for such internal control as management 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, management 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.



**كوتاري لتدقيق الحسابات**

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

To the shareholder of

**Operational Energy Generation FZCO**

**Dubai Airport Free Zone, Dubai (U.A.E.)**

**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 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 management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause 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 fair presentation.
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



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

To the shareholder of

**Operational Energy Generation FZCO**

**Dubai Airport Free Zone, Dubai (U.A.E.)**

**Report on other legal and regulatory requirements:**

**Further, we report that:**

- We have obtained all the information we considered necessary for the purpose of our audit.
- The financial statements have been prepared and comply, in all material respects, implementing regulations no. 1/1998 pursuant to Law No. 2 of 1996 (as amended) of Dubai Airport Free Zone Authority.
- The Company has maintained proper books of accounts and the financial statements are in agreement therewith.
- The financial information included in the Manager's Report is consistent with the books of accounts and records of the Company.
- The Company has not purchased or invested in any shares during the financial year ended March 31, 2021.
- Note no. 4.1 to the financial statements discloses material related party transactions, and the terms under which they were conducted.
- Based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Company has contravened, during the financial year ended March 31, 2021, any of the requirements of implementing regulations no. 1/1998 pursuant to Law No. 2 of 1996 (as amended) of Dubai Airport Free Zone Authority which would materially affect its activities or its financial position as at March 31, 2021.

*Vipul R.*

Kothari Vipul R.

Ministry of Economy Registration No. 159

Kothari Auditors & Accountants

May 10, 2021

Dubai, United Arab Emirates



**Operational Energy Generation FZCO**

Dubai Airport Free Zone, Dubai (U.A.E.)

Statement of Financial Position as at March 31, 2021

Particulars	Note no.	2021 USD	2020 USD
<b>Assets:</b>			
<b>Non-current assets</b>			
Property, plant & equipment	Sch 1	12,471	25,580
Investments in associate	5	-	808
		12,471	26,388
<b>Current assets</b>			
Investments	6	-	-
Deposits, prepayments & advances	7	301,283	335,494
Accounts receivable	8	481,397	1,257,992
Amount due from related party	9	157,213	343,461
Cash & bank balances	10	3,120,961	1,425,557
		4,060,854	3,362,504
<b>Total assets employed</b>		<b>4,073,325</b>	<b>3,388,892</b>
<b>Equity, shareholder's funds &amp; liabilities:</b>			
<b>Equity &amp; shareholder's funds</b>			
Share capital	11	22,870	22,870
Reserves & surplus	12	2,315,740	1,753,390
Equity		2,338,610	1,776,260
Shareholder's current account	Sch 2	-	-
Equity & shareholder's funds		2,338,610	1,776,260
<b>Non-current liabilities</b>			
Deferred revenue	14	-	256,618
		-	256,618
<b>Current liabilities</b>			
Accounts payable		600,000	900,000
Provisions, accruals & other liabilities	13	878,097	148,073
Deferred revenue	14	256,618	307,941
		1,734,715	1,356,014
<b>Total liabilities</b>		<b>1,734,715</b>	<b>1,612,632</b>
<b>Total equity, shareholder's funds &amp; liabilities</b>		<b>4,073,325</b>	<b>3,388,892</b>

The attached note nos. 1 - 22 and schedule nos. 1 & 2 form an integral part of these financial statements.

Auditor's report is on page nos. 3 - 5. The manager has approved & authorized the issuance of these financial statements on May 10, 2021.

For Operational Energy Generation FZCO

Ravindran Nair Ranjini  
Manager



**Operational Energy Generation FZCO**

**Dubai Airport Free Zone, Dubai (U.A.E.)**

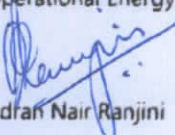
Statement of Comprehensive Income for the year ended March 31, 2021

Particulars	Note no.	2020-21 USD	2019-20 USD
Revenue	15	3,814,904	3,639,234
Direct costs	16	<u>(2,692,277)</u>	<u>(3,251,459)</u>
Gross profit		1,122,627	387,775
Other income	17	132,285	38,894
Marketing costs	18	(584,310)	(200,000)
Administrative costs	19	(108,252)	(177,959)
Other expenses	20	-	(985)
<b>Net profit for the year</b>		<b><u>562,350</u></b>	<b><u>47,725</u></b>

The attached note nos. 1 - 22 and schedule nos. 1 & 2 form an integral part of these financial statements.

Auditor's report is on page nos. 3 - 5. The manager has approved & authorized the issuance of these financial statements on May 10, 2021.

For Operational Energy Generation FZCO

  
Ravindran Nair Ranjini  
Manager



**Operational Energy Generation FZCO**

**Dubai Airport Free Zone, Dubai (U.A.E.)**

Statement of Changes in Equity & Shareholder's Funds for the year ended March 31, 2021

	Amount in U.S. Dollars (USD)		
	Share capital	Retained earnings	Shareholder's current account
Balance at March 31, 2019	22,870	1,705,665	17,466
Net profit for the year	-	47,725	-
Net movements	-	-	(17,466)
<b>Balance at March 31, 2020</b>	<b>22,870</b>	<b>1,753,390</b>	<b>1,776,260</b>
Net profit for the year	-	562,350	-
Net movements	-	-	-
<b>Balance at March 31, 2021</b>	<b>22,870</b>	<b>2,315,740</b>	<b>2,338,610</b>

The attached note nos. 1 - 22 and schedule nos. 1 & 2 form an integral part of these financial statements.  
Auditor's report is on page nos. 3 - 5.

**Operational Energy Generation FZCO**

**Dubai Airport Free Zone, Dubai (U.A.E.)**

Statement of Cash Flows for the year ended March 31, 2021

Particulars	Note no.	2020-21 USD	2019-20 USD
Cash flows from operating activities			
Net profit for the year		562,350	47,725
Adjustments for:			
Depreciation on property, plant & equipment		13,109	15,194
Impairment of accounts receivable		570,000	200,000
Interest income		-	(18,707)
Impairment of other current assets		-	985
Operating cash flows before changes in working capital		1,145,459	247,518
Working capital changes:			
Movement in accounts receivable		206,595	(1,192,820)
Movement in deposits, prepayments & advances		34,211	24,000
Movement in provisions, accruals & other current liabilities		730,024	30,484
Movement in accounts payable		(300,000)	637,263
<b>Net cash generated from/(used in) operating activities</b>		<b>1,816,289</b>	<b>(253,555)</b>
Cash flows from investing activities:			
Additions to property, plant & equipment		-	(20,120)
Movement in investments		-	1,108,693
Movement in associates		808	-
Finance income		-	18,707
Movement in amount due from related party		186,248	(30,915)
<b>Net cash generated from investing activities</b>		<b>187,056</b>	<b>1,076,365</b>
Cash flows from financing activities:			
Movements in deferred revenue		(307,941)	(307,942)
Movements in shareholder's current account		-	(17,466)
<b>Net cash (used in) financing activities</b>		<b>(307,941)</b>	<b>(327,729)</b>
Net movements in cash & cash equivalents		1,695,404	495,081
Cash & cash equivalents at beginning of the year		1,425,557	930,476
<b>Cash &amp; cash equivalents at end of the year</b>	10	<b>3,120,961</b>	<b>1,425,557</b>

The attached note nos. 1 - 22 and schedule nos. 1 & 2 form an integral part of these financial statements.  
Auditor's report is on page nos. 3 - 5.

## **Operational Energy Generation FZCO**

### **Dubai Airport Free Zone, Dubai (U.A.E.)**

Notes to the Financial Statements for the year ended March 31, 2021

#### **1. Coverage, status and activity:**

Operational Energy Generation FZCO is incorporated and registered as a Free Zone establishment with Limited Liability with Dubai Airport Free Zone Authority in the emirate of Dubai (U.A.E.) under trade license no. 3150 and having registration no. DAFZA\1472.

M/s Pacific Technical Services India Private Limited, a private limited company registered under certificate of incorporation no. 18-24165 of 1993 with Registrar of Companies under The Companies Act 1956 in Chennai, India, is the sole shareholder of the Company as at the reporting date holding share capital of AED 84,000/- (840 shares of AED 100/- each), equivalent to USD 22,870/-. The registered address of M/s Pacific Technical Services India Private Limited is, 5th Floor, Gokul Arcade – East Wing, no. 2 & 2A, Sardar Patel Road, Adyar Chennai – 600 020.

During the previous year, the name of the Company was changed from 'Operational Energy Generation FZE' to 'Operational Energy Generation FZCO' as per the regulations of Dubai Airport Free Zone Authority, Dubai (U.A.E.). During the previous year, Mr. Venkateswaran Natarajan was relieved from the post of manager and Ms. Ravindran Nair Ranjini, Indian national was appointed as the new manager of the Company vide resolution dated December 1, 2019 who handled day to day operations of the Company.

The principal place of business is located at 6EB G 25, Dubai Airport Free Zone Authority, Dubai (U.A.E.).

The Company is licensed to carry on the activities of trading in power generation, transmission & distribution equipment, engines & machinery spare parts. However, the Company was principally engaged in providing operational & maintenance services during the year under review.

#### **2. Basis of preparation:**

##### **2.1. Statement of compliance:**

These financial statements have been prepared in accordance with International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs), issued by the International Accounting Standards Board (IASB).

##### **2.2. Basis of measurement:**

These financial statements have been prepared under the going concern assumption and historical cost convention.

##### **2.3. Basis of accounting and coverage:**

The Company follows the accrual basis of accounting except for statement of cashflows which is prepared on a cash basis. Under the accrual basis, the transactions and events are recognized as and when they occur and are recorded in the financial statements for the period to which they relate to.

The financial statements enclosed cover the period from April 01, 2020 to March 31, 2021. Previous year figures are for the period from April 01, 2019 to March 31, 2020 and have been regrouped where necessary.

##### **2.4. Functional & presentation currency:**

The financial statements are presented in United States Dollar (USD), which is also the Company's functional currency. All financial information presented in USD has been rounded off to the nearest U.S. Dollar.

##### **2.5. Use of estimates & judgments:**

The preparation of financial statements in conformity with IFRS for SMEs requires management to make estimates, judgments and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses.

**Operational Energy Generation FZCO**

**Dubai Airport Free Zone, Dubai (U.A.E.)**

Notes to the Financial Statements for the year ended March 31, 2021 (continued)

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future period affected & same are mentioned under respective accounting policy note.

The following accounting estimates and management judgments which are material in nature, has/have been considered, in the preparation of financial statements.

**- Useful lives of property, plant & equipment:**

Company's management estimates the useful life of property, plant & equipment & residual value for calculating depreciation. It reviews the estimated life & residual value on annual basis & future depreciation expense would be adjusted where the management believes that useful life differs from the previous estimates.

**- Impairment of accounts receivable:**

Accounts receivable are subjected to recoverability test on a periodical basis when collection of full amount is no longer probable. Accounts receivable balances which are individually significant, are verified for ageing, subsequent receipts & balance confirmations. Accounts receivable balances which are individually not material, are assessed collectively & estimated reserve for impairment of accounts receivable is created if same is outstanding for beyond normal credit terms & doubtful.

**3. Summary of significant accounting policies:**

The following accounting policies have been consistently applied by the management in preparation of the financial statements except where stated here under:

**3.1. Investments in associates:**

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights which is neither a subsidiary nor a joint venture. Investments in associates were valued at cost and not been tested for impairment.

**3.2. Property, plant & equipment:**

Property, plant & equipment are carried at their cost of acquisition including any incidental expenses related to acquisition or installation, less accumulated depreciation and accumulated impairment loss. Depreciation has been provided on straight line method over the estimated useful lives, as determined by the management.

Property, plant & equipment are, at the reporting date, subject to impairment. Where any indication of impairment exists, the carrying amount is written down to its recoverable amount.

Based on the management's estimate of useful life of various assets, depreciation has been charged at the following rates:

Machinery & tools	4 years
Furniture & fixtures	4 years
Office equipment	3 years
Vehicles	4 years

## **Operational Energy Generation FZCO**

**Dubai Airport Free Zone, Dubai (U.A.E.)**

Notes to the Financial Statements for the year ended March 31, 2021 (continued)

The residual values, useful lives and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefit from these assets, and adjusted prospectively, if appropriate. An asset's carrying amount is written down immediately to its recoverable amount if the carrying amount is greater than its estimated recoverable amount.

Maintenance and repairs are charged to expenses as incurred and renewals and improvements, which extend the life of the asset, are capitalized and depreciated over the remaining life of the asset.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the statement of comprehensive income.

A decline in the value of property, plant and equipment could have a significant effect on the amounts recognised in these financial statements. Management assesses the impairment of property, plant and equipment whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

Factors that are considered important which could trigger an impairment review include the following:

- significant changes in the technology and regulatory environments.
- evidence from internal reporting which indicates that the economic performance of the asset is, or will be, worse than expected.

### **3.3. Investments:**

Investment represented investment by the Company to enhance the Company's business as either long term or short term based on the maturity of investment, at the time of purchase.

Investments was stated at cost as on reporting date. Interest income till the reporting date was accrued and recognized in the statement of comprehensive income and gain (loss) on disposal of investments shall be charged to the statement of comprehensive income..

### **3.4. Financial instruments:**

The Company recognizes a financial instrument (being a financial asset or financial liability) only when the Company becomes a part of the contractual provisions of the instrument.

Accounting policy relevant to each type of financial instrument is as follows:

#### **Cash & cash equivalents:**

Cash & cash equivalents for the purpose of cash flow statement comprises balance with banks in current accounts.

#### **Accounts receivable:**

Accounts receivable are amounts due from customers towards sale of goods or providing of services in the ordinary course of business. Accounts receivable are recognized initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less reserve for impairment of accounts receivable. A reserve for impairment of accounts receivable is recognised when it is probable that the Company will not be able to collect all amounts due according to original terms of the accounts receivable.

## **Operational Energy Generation FZCO**

**Dubai Airport Free Zone, Dubai (U.A.E.)**

Notes to the Financial Statements for the year ended March 31, 2021 (continued)

### **Accounts payable:**

Accounts payable represent obligations towards purchase of goods in the ordinary course of business. Same is free of interest & payable at the end of credit period granted by the suppliers. Accounts payable are recognized initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method.

### **Other financial assets:**

Other financial assets are recognised initially at transaction value and subsequently measured at amortised cost using the effective interest method less impairment. However, all other financial assets have a value on realization in the ordinary course of the Company's business, which is at least equal to the amount at which they are stated in the statement of financial position.

### **Other financial liabilities:**

Other financial liabilities, including borrowings, are initially measured at transaction value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

A financial asset (or where applicable a part of a financial asset or a part of group of similar financial assets) is derecognised either when:

- the rights to receive cash flows from the asset have expired or
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Company has transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of comprehensive income.

Financial assets and financial liabilities are only offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and the Company intends to settle on a net basis.

### **3.5. Impairment of non-financial assets:**

At each reporting date, the Company reviews the carrying amounts of its non-financial assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

## **Operational Energy Generation FZCO**

**Dubai Airport Free Zone, Dubai (U.A.E.)**

Notes to the Financial Statements for the year ended March 31, 2021 (continued)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately. Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

### **3.6. Impairment of financial assets:**

An assessment is made at each reporting date to determine whether there is objective evidence that a specific financial asset may be impaired. A financial asset or a group of financial assets is deemed to be impaired if and only if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of asset (an incurred "loss event") and that loss event (events) has an impact on the estimated future cashflows of the financial assets or the group of financial assets can be readily estimated.

If such evidence exists, any impairment loss is recognised in the statement of comprehensive income. Impairment is determined as follows.

- For assets carried at fair value, impairment is the difference between the cost and fair value less any impairment loss previously recognised in the statement of comprehensive income.
- For assets carried at cost, impairment is the difference between the carrying amount and the present value of future cashflows discounted at the current market rate of return for a similar asset.
- For assets carried at amortized cost, impairment is the difference between carrying amount and the present value of estimated future cashflows discounted at the financial asset's original effective interest.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the financial asset no longer exist or have decreased and the decrease can be related objectively to an event occurring after the impairment was recognised.

### **3.7. Leases:**

Leases are classified as finance leases when substantially all risks and rewards of ownership are transferred to the lessee. All other leases are operating leases.

#### **Operating lease:**

Lease payments under an operating lease are recognized as an expense in the statement of comprehensive income on a straight line basis over the lease term. Generally the Company's operating leases are for annual duration and hence the Company is not exposed to any operating lease obligations.

### **3.8. Employee benefits:**

Employee benefits, if any, have been provided for in accordance with the contractual terms with the employees, but are however subject to minimum of U.A.E. Labour Law requirements. The accrual relating to annual leave and leave passage is disclosed as a current liability, while the provision relating to end of service benefits is disclosed as a non-current liability.

### **3.9. Provisions & contingencies:**

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of economic benefits would be required to settle these obligations, and a reliable estimate of the same can be made.

## **Operational Energy Generation FZCO**

**Dubai Airport Free Zone, Dubai (U.A.E.)**

Notes to the Financial Statements for the year ended March 31, 2021 (continued)

Contingent liabilities are not recognized but are disclosed in the notes to financial statements. A disclosure of contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When likelihood of outflow is remote, no provision or disclosure is made.

### **3.10. Value added tax:**

As per the Federal Decree-Law No. (08) of 2017, effective from January 1, 2018, Value Added Tax (VAT), is charged at 5% standard rate or 0% (as the case may be) on every taxable supply and deemed supply made by the Company. The Company is required to file its VAT returns and compute the payable / receivable tax (which is output tax less input tax / input tax) for the allotted tax period(s) and deposit / claim refund the same within the prescribed due dates of filing VAT return. Net position of Value Added Tax as on reporting date is disclosed under other current assets or current liabilities as the case may be.

### **3.11. Revenue recognition:**

Revenue is recognized when it is probable that the economic benefit will flow to the Company and the revenue can be reliably measured. Revenue is measured at fair value of consideration received or receivable, excluding discounts, rebates & duties.

#### **Service income:**

Revenue comprises of income received from rendering mobilization, operational & maintenance services. Revenue is recognized when service is imparted and right to received is established.

Deferred revenue represents amount received towards mobilization service agreement/contract to be serviced & executed over the contracted period falling after the reporting date.

#### **Other income:**

Other income is recognized as & when due or received whichever is earlier.

### **3.12. Expenditure:**

Expenses are accounted for on the accrual basis and provisions are made for all known losses and liabilities. Expenses are presented in the statement of comprehensive income, classified according to the function of expense.

### **3.13. Foreign currencies transactions:**

Transactions in foreign currency, if any, are converted into functional currency at prevailing exchange rate on the date such transactions are entered into.

Monetary assets and liabilities denominated in foreign currencies are translated into functional currency at the exchange rates prevailing at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies which are stated at historical cost or fair value, are translated into functional currency at the exchange rates prevailing on the date of such transaction or the date of determination of fair value respectively.

Resultant loss or gain has been recognized in the statement of comprehensive income, in the year in which such assets are realized or liabilities are discharged.

## Operational Energy Generation FZCO

Dubai Airport Free Zone, Dubai (U.A.E.)

Notes to the Financial Statements for the year ended March 31, 2021 (continued)

### 4. Other significant disclosures:

#### 4.1. Related party transactions:

The Company enters into transactions with another company and person that fall within the definition of a related party as per the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs).

The terms of trade with such related parties are based on commercial terms & conditions agreed upon with them by the management.

Related parties with whom the Company had entered into transactions during the year under review comprise of the shareholder, group companies, associate company and key management personnel as stated here under:

<u>Name of the related parties</u>	<u>Control</u>	<u>Relation</u>
M/s Pacific Technical Services India Private Limited, India	100% control	Parent company
M/s Operational Energy Group India Ltd., India	Common control	Group company
M/s Powersource OEG Services Inc., Philippines	Significant influence	Associate company
M/s OEG Bangladesh Pvt Ltd, Bangladesh	Common control	Group company
Ms. Ravindran Nair Ranjini	Manager	Key management personnel

During the previous year, Mr. Venkatesh Natarajan was relieved from the post of manager and Ms. Ravindran Nair Ranjini, Indian national was appointed as the new manager of the Company vide resolution dated December 1, 2019.

During the year under review, following transactions were entered into with related parties:

<u>Nature of transactions</u>	<u>2020-21</u>	<u>2019-20</u>
	<u>USD</u>	<u>USD</u>
Manager's remuneration & benefits	6,567	2,464

#### Amount due from related party:

Amount due from related party is free of interest.

#### 4.2. Financial, capital risk management & fair value information:

##### a. Credit, liquidity & market rate risk:

##### Credit risk:

Credit risk is the risk of financial loss to the Company if a customer or counter-party to a financial instrument fails to meet its contractual obligations.

The Company's cash is placed with banks of repute.

The exposure to credit risk on accounts receivable and amounts due from related parties is monitored on an ongoing basis by the management and these are considered recoverable by the Company's management. However 100% of total accounts receivable were outstanding from 1 customer (previous year 100% of the total accounts receivables from 1 customer) and hence the Company has concentration of accounts receivable and consequent risk to that extent.

**Operational Energy Generation FZCO**

**Dubai Airport Free Zone, Dubai (U.A.E.)**

Notes to the Financial Statements for the year ended March 31, 2021 (continued)

**Liquidity risk:**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as and when it falls due. The Company's assets are sufficient to cover its financial obligations.

The table below summarises the maturity profile of the Company's financial liabilities on contractual undiscounted payments.

Financial liabilities as on March 31, 2021	Less than 6 months	6 months to 1 year	More than 1 year	Total USD
Accounts payable	600,000	-	-	600,000
Provisions, accruals & other liabilities	878,097	-	-	878,097
Deferred revenue	102,648	153,970	-	256,618
Total	1,580,745	153,970	-	1,734,715

Financial liabilities as on March 31, 2020	Less than 6 months	6 months to 1 year	More than 1 year	Total USD
Accounts payable	900,000	-	-	900,000
Provisions, accruals & other liabilities	148,073	-	-	148,073
Deferred revenue	153,971	153,970	256,618	564,559
Total	1,202,044	153,970	256,618	1,612,632

**Market risk:**

Market risk is the risk that changes in market prices, such as investment prices, interest rates and currency rates will affect the Company's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

**Interest rate risk:**

Interest rate risk is the risk of variability in profit due to change in interest rates on interest bearing assets and interest bearing liabilities.

During previous year, investments carried interest rates ranging from 2.40% p.a. to 2.60% p.a.

**Currency risk:**

Currency risk faced by the Company is minimal as there are minimal foreign currency transactions. Most of the monetary assets and liabilities are denominated in United States Dollar (USD) or in United Arab Emirates Dirhams (AED), which is pegged to USD.

**Other risks:**

**- Revenue risk:**

100% of revenue was generated from 1 customer (previous year 100% from 1 customers) and hence the Company has concentration of revenue & consequent risk to that extent.

**b. Capital management:**

The Company's policy is to maintain a strong capital base so as to maintain lender and creditor confidence and to sustain future development of the business. The Company is not subject to externally imposed capital restrictions.

**Operational Energy Generation FZCO**

**Dubai Airport Free Zone, Dubai (U.A.E.)**

Notes to the Financial Statements for the year ended March 31, 2021 (continued)

**c. Fair value information:**

Fair value represents the amount at which an asset could be exchanged or a liability settled in an arm's length transaction, between willing & knowledgeable parties. In respect of all the Company's financial assets viz cash & bank balances, receivables, advances, deposits, accrued income and liabilities viz dues to banks, payables, accruals and other non-current liabilities, in the opinion of the management, the book value approximates to their carrying value.

**5. Investments in associate:**

	<u>2021</u>	<u>2020</u>
	<u>USD</u>	<u>USD</u>
Investments in associate	-	808
	-	808

Investment in associate represented 40% stake in M/s Powersource OEG Services Inc, Philippines consisting of 4,000 shares of PHP 10/- each, totalling to PHP 40,000/-.

During the year, entire shareholding in associate has been sold and transferred to M/s Powersource Group Development Corporation, Philippines.

**6. Investments:**

	<u>2021</u>	<u>2020</u>
	<u>USD</u>	<u>USD</u>
Investment in marketable securities	-	-
	-	-
Balance at the beginning of the year	-	1,108,693
Interest received during the year	-	18,707
Matured during the year	-	(1,127,400)
Balance at the end of the year	-	-

Investment in marketable securities were with Mashreq Bank. Said structured investments were short term in nature and carried interest ranging from 2.40% p.a. to 2.60% p.a.

**7. Deposits, prepayments & advances:**

	<u>2021</u>	<u>2020</u>
	<u>USD</u>	<u>USD</u>
Deposits	69,915	69,915
Prepayments	3,833	3,833
Accrued revenue	226,238	213,331
Advance to suppliers	-	14,310
Other current assets	1,297	34,105
	<u>301,283</u>	<u>335,494</u>

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Notes to the Financial Statements for the year ended March 31, 2021 (continued)

Movement in reserve for impairment of other current assets are as follows:

Balance at the beginning of the year	-	4,266
Provided during the year	-	985
(Utilised) during the year	-	(5,251)
Balance at the end of the year	-	-

- a. Accrued revenue represents revenue accrued but not due/invoiced from last billing date till the reporting date.
- b. Other current assets includes VAT refund of USD 1,176/- (previous year USD 1,034/-) which is based on computation of VAT pursuant to VAT returns as prepared by the management and subject to assessment & confirmation by the Federal Tax Authority.

**8. Accounts receivable:**

	<u>2021</u>	<u>2020</u>
	<u>USD</u>	<u>USD</u>
Trade receivables	1,128,864	1,457,992
Reserve for impairment of accounts receivable	<u>(647,467)</u>	<u>(200,000)</u>
	<u>481,397</u>	<u>1,257,992</u>

Age-wise analysis of trade receivable is as follows:

Outstanding for less than 3 months	911,565	832,058
Outstanding for more than 3 months but less than 6 months	<u>217,299</u>	<u>625,934</u>
	<u>1,128,864</u>	<u>1,457,992</u>

Geographical analysis of accounts receivable is as follows:

Due from Lebanon	<u>1,128,864</u>	<u>1,457,992</u>
	<u>1,128,864</u>	<u>1,457,992</u>

Movement in reserve for impairment of accounts receivable is as follows:

Balance at the beginning of the year	200,000	-
Provided for the year	570,000	200,000
(Utilised) during the year	<u>(122,533)</u>	<u>-</u>
Balance at the end of the year	<u>647,467</u>	<u>200,000</u>

The Company's exposure to credit risk relating to accounts receivable is disclosed in note no. 4.2.(a.).

**Operational Energy Generation FZCO**

**Dubai Airport Free Zone, Dubai (U.A.E.)**

Notes to the Financial Statements for the year ended March 31, 2021 (continued)

**9. Amount due from related party:**

	<u>2021</u>	<u>2020</u>
	<u>USD</u>	<u>USD</u>
Due from group company	<u>157,213</u>	<u>343,461</u>
	<u>157,213</u>	<u>343,461</u>

Amount due from related party is free of interest.

**10. Cash & bank balances/Cash & cash equivalents:**

	<u>2021</u>	<u>2020</u>
	<u>USD</u>	<u>USD</u>
Balance with banks in current account	<u>3,120,961</u>	<u>1,425,557</u>
	<u>3,120,961</u>	<u>1,425,557</u>

**11. Share capital:**

	<u>2021</u>	<u>2020</u>
	<u>USD</u>	<u>USD</u>
Share capital	<u>22,870</u>	<u>22,870</u>
	<u>22,870</u>	<u>22,870</u>

Share capital comprises of 840 fully paid up equity shares of AED 100/- each, totalling to AED 84,000/-, equivalent to USD 22,870/- (previous year 840 fully paid up equity shares of AED 100/- each totalling to AED 84,000/-, equivalent to USD 22,870/-).

**12. Reserves & surplus:**

	<u>2021</u>	<u>2020</u>
	<u>USD</u>	<u>USD</u>
Retained earnings	<u>2,315,740</u>	<u>1,753,390</u>
	<u>2,315,740</u>	<u>1,753,390</u>

**13. Provisions, accruals & other liabilities:**

	<u>2021</u>	<u>2020</u>
	<u>USD</u>	<u>USD</u>
Accrued expenses	30,707	20,926
Accrued staff salaries & benefits	10,547	127,147
Advance from customers	832,303	-
Other current liabilities	4,540	-
	<u>878,097</u>	<u>148,073</u>

**Operational Energy Generation FZCO**

**Dubai Airport Free Zone, Dubai (U.A.E.)**

Notes to the Financial Statements for the year ended March 31, 2021 (continued)

**14. Deferred revenue:**

	<u>2021</u>	<u>2020</u>
	<u>USD</u>	<u>USD</u>
Deferred revenue	<u>256,618</u>	<u>564,559</u>
	<u>256,618</u>	<u>564,559</u>
Due within one year	256,618	307,941
Due after one year	<u>-</u>	<u>256,618</u>
	<u>256,618</u>	<u>564,559</u>

Deferred revenue represents amounts received towards mobilisation service agreement/contract to be served or executed over the contracted period falling after the reporting date.

**15. Revenue:**

	<u>2020-21</u>	<u>2019-20</u>
	<u>USD</u>	<u>USD</u>
Operating & maintenance service fee	<u>3,814,904</u>	<u>3,639,234</u>
	<u>3,814,904</u>	<u>3,639,234</u>

**16. Direct costs:**

	<u>2020-21</u>	<u>2019-20</u>
	<u>USD</u>	<u>USD</u>
Salary, wages & other related benefits	1,106,110	1,404,209
Travelling & conveyance expenses	74,284	22,898
Consultancy charges	1,220,810	1,550,000
Other direct expenses	277,964	259,158
Depreciation on property, plant & equipment	<u>13,109</u>	<u>15,194</u>
	<u>2,692,277</u>	<u>3,251,459</u>

**17. Other income:**

	<u>2020-21</u>	<u>2019-20</u>
	<u>USD</u>	<u>USD</u>
Interest on investments	-	18,707
Foreign exchange gain - net	<u>132,285</u>	<u>20,187</u>
	<u>132,285</u>	<u>38,894</u>

**18. Marketing costs:**

	<u>2020-21</u>	<u>2019-20</u>
	<u>USD</u>	<u>USD</u>
Impairment of accounts receivable	<u>584,310</u>	<u>200,000</u>
	<u>584,310</u>	<u>200,000</u>

**Operational Energy Generation FZCO**

**Dubai Airport Free Zone, Dubai (U.A.E.)**

Notes to the Financial Statements for the year ended March 31, 2021 (continued)

**19. Administrative costs:**

	<u>2020-21</u>	<u>2019-20</u>
	<u>USD</u>	<u>USD</u>
Office rent	23,000	23,000
Bank charges	607	2,321
Communication expenses	2,800	3,948
Utilities charges	14,973	10,307
Manager's remuneration & benefits	6,567	2,464
Insurance expenses	7,392	8,048
Office & other expenses	<u>52,913</u>	<u>127,871</u>
	<u>108,252</u>	<u>177,959</u>

**20. Other expenses:**

	<u>2020-21</u>	<u>2019-20</u>
	<u>USD</u>	<u>USD</u>
Impairment of other current assets	<u>-</u>	<u>985</u>
	<u>-</u>	<u>985</u>

**21. Contingent liabilities:**

Except for the ongoing business commitments against which no loss is expected, there has been no known contingent liability or commitments, as on reporting date.

**22. Events occurring after the reporting date:**

There were no significant events occurring after the reporting date that would materially affect the working or the financial statements of the Company.

**Operational Energy Generation FZCO**

**Dubai Airport Free Zone, Dubai (U.A.E.)**

Schedules to the Financial Statements for the year ended March 31, 2021

**Schedule 1 - Property, plant & equipment:**

Particulars	Amount in U.S. Dollars (USD)			
	Machinery & tools	Office equipment	Vehicles	Total
<b>Cost:</b>				
As at March 31, 2020	19,720	12,002	31,550	63,272
Additions	-	-	-	-
As at March 31, 2021	19,720	12,002	31,550	63,272
<b>Accumulated depreciation:</b>				
As at March 31, 2020	(3,697)	(10,578)	(23,417)	(37,692)
For the year	(4,931)	(981)	(7,197)	(13,109)
As at March 31, 2021	(8,628)	(11,559)	(30,614)	(50,801)
<b>Net value- March 31, 2021</b>	<b>11,092</b>	<b>443</b>	<b>936</b>	<b>12,471</b>
<b>Net value- March 31, 2020</b>	<b>16,023</b>	<b>1,424</b>	<b>8,133</b>	<b>25,580</b>

Entire property, plant & equipment are lying at the project site, office & guest house in Lebanon.

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Schedules to the Financial Statements for the year ended March 31, 2021

**Schedule 2 - Shareholder's current account:**

Particulars	Amount in U.S. Dollars (USD)		
	Pacific Technical	Services India	Private Limited
As at March 31, 2019	17,466		17,466
Net movements	(17,466)		(17,466)
<b>As at March 31, 2020</b>			
Net movements			
<b>As at March 31, 2021</b>			