

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

Dubai (U.A.E.)

**Financial Statements &
Independent Auditor's Report
for the year ended March 31, 2022**

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

Financial Statements for the year ended March 31, 2022
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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, 2022.

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 2013 in Chennai, India, is the sole shareholder of the Company as at the reporting date holding share capital of AED 10,000/- (10 shares of AED 1,000/- each), equivalent to USD 2,723/-. 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.

The day to day operations of the Company is handled by Ms. Ravindran Nair Ranjini, Indian national, who is appointed as the manager 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>2021-22</u>	<u>2020-21</u>
	<u>USD</u>	<u>USD</u>
Revenue	3,795,032	3,814,904
Gross profit	920,138	1,122,627
Other income	17,766	132,285
Net profit	86,309	562,350
Total liabilities	1,722,703	1,734,715
Equity & shareholder's funds	2,424,919	2,338,610

During the earlier year, the Company had not communicated the fact of, reduction in paid-up share capital of the Company. However, during the current year it has been represented by the management that paid-up share capital of the Company was decreased from AED 84,000/- (equivalent to USD 22,870/-) to AED 10,000/- (equivalent to USD 2,723/-) vide Memorandum of Association dated January 27, 2020. This change in representation & facts has resulted into previous year's opening figures being restated in these financial statements to incorporate effect of reduction in share capital.

Amount in U.S. Dollars (USD)

	<u>2020-21</u>	<u>2020-21</u>
	<u>Restated</u>	<u>Original</u>
Changes in Statement of Financial Position:		
Share capital	2,723	22,870
Share application money	20,147	-

Results & dividend:

Net profit for the year amounted to USD 86,309/- (previous year earned net profit of USD 562,350/-).

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 2021 pursuant to Law no. (25) of 2009 (as amended) of Dubai Airport Free Zone Authority and the applicable provisions of the Memorandum & Articles of Association of the Company.

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.

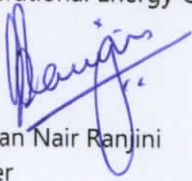
Events occurring after the reporting date:

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 2022-23 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 25, 2022
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 statement of financial position as at March 31, 2022, statement of comprehensive income, statement of changes in equity & shareholder's funds and statement of cash flows for the year then ended, and notes & schedule 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, 2022, its financial performance & its cash flows for the year then ended in accordance with International Financial Reporting Standards 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 United Arab Emirates 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 modifying 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 Mashreq Bank were not available and hence bank balances are subject to confirmation & reconciliation, if there is variance with statement balances.
- During the earlier year, the Company had not communicated the fact of, reduction in paid-up share capital of the Company. However, during the current year it has been represented by the management that paid-up share capital of the Company was decreased from AED 84,000/- (equivalent to USD 22,870/-) to AED 10,000/- (equivalent to USD 2,723/-) vide Memorandum of Association dated January 27, 2020. This change in representation & facts has resulted into previous year's opening figures being restated in these financial statements to incorporate effect of reduction in share capital.

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 Standards for Small and Medium-sized Entities (IFRS for SMEs), Implementing Regulations 2021 pursuant to Law no. (25) of 2009 (as amended) of Dubai Airport Free Zone Authority and the applicable provisions of the Memorandum and Articles of Association of the Company 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.



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.)

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.

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 2021 pursuant to Law no. (25) of 2009 (as amended) of Dubai Airport Free Zone Authority and the applicable provisions of the Memorandum and Articles of Association of the Company.
- 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, 2022.
- 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, 2022, any of the requirements of Implementing Regulations 2021 pursuant to Law no. (25) of 2009 (as amended) of Dubai Airport Free Zone Authority and the applicable provisions of the Memorandum and Articles of Association of the Company which would materially affect its activities or its financial position as at March 31, 2022.

Vipul R.

Kothari Vipul R.

Ministry of Economy Registration No. 159

Kothari Auditors & Accountants

May 25, 2022

Dubai, United Arab Emirates



Operational Energy Generation FZCO

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


Statement of Financial Position as at March 31, 2022

Particulars	Note no.	2022 USD	2021 USD (Restated)
Assets:			
Non-current assets			
Property, plant & equipment	Sch 1	6,211	12,471
		<u>6,211</u>	<u>12,471</u>
Current assets			
Deposits, prepayments & advances	5	315,657	301,283
Accounts receivable	6	983,601	481,397
Amount due from related parties	7	117,973	157,213
Cash & bank balances	8	2,724,180	3,120,961
		<u>4,141,411</u>	<u>4,060,854</u>
Total assets employed		<u>4,147,622</u>	<u>4,073,325</u>
Equity, shareholder's funds & liabilities:			
Equity & shareholder's funds			
Share capital	9	2,723	2,723
Reserves & surplus	10	2,402,049	2,315,740
Equity		2,404,772	2,318,463
Share application money	Sch 2	20,147	20,147
Equity & shareholder's funds		2,424,919	2,338,610
Current liabilities			
Accounts payable		1,500,000	600,000
Provisions, accruals & other liabilities	11	222,703	878,097
Deferred revenue	12	-	256,618
Total liabilities		<u>1,722,703</u>	<u>1,734,715</u>
Total equity, shareholder's funds & liabilities		<u>4,147,622</u>	<u>4,073,325</u>

The attached note nos. 1 - 20 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 25, 2022.

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, 2022

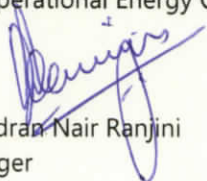
Particulars	Note no.	2021-22	2020-21
		USD	USD
Revenue	13	3,795,032	3,814,904
Direct costs	14	<u>(2,874,894)</u>	<u>(2,692,277)</u>
Gross profit		920,138	1,122,627
Other income	15	17,766	132,285
Marketing costs	16	(572,000)	(584,310)
Administrative costs	17	(260,101)	(108,252)
Other expenses	18	<u>(19,494)</u>	<u>-</u>
Net profit for the year		<u>86,309</u>	<u>562,350</u>

The attached note nos. 1 - 20 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 25, 2022.

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, 2022

Particulars	Amount in U.S. Dollars (USD)			
	Share capital	Retained earnings	Share application money	Total
Balance at March 31, 2020	2,723	1,753,390	20,147	1,776,260
Net profit for the year	-	562,350	-	562,350
Net movements	-	-	-	-
Balance at March 31, 2021	2,723	2,315,740	20,147	2,338,610
Net profit for the year	-	86,309	-	86,309
Net movements	-	-	-	-
Balance at March 31, 2022	2,723	2,402,049	20,147	2,424,919

The attached note nos. 1 - 20 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, 2022

Particulars	Note no.	2021-22 USD	2020-21 USD
Cash flows from operating activities			
Net profit for the year		86,309	562,350
Adjustments for:			
Depreciation on property, plant & equipment		6,260	13,109
Earlier year provision written back		(17,766)	-
Impairment of accounts receivable		<u>572,000</u>	<u>584,310</u>
Operating cash flows before changes in working capital		646,803	1,159,769
Working capital changes:			
Movement in accounts receivable		(1,074,204)	192,285
Movement in deposits, prepayments & advances		(14,374)	34,211
Movement in provisions, accruals & other current liabilities		(637,628)	730,024
Movement in accounts payable		<u>900,000</u>	<u>(300,000)</u>
Net cash (used in)/generated from operating activities		(179,403)	1,816,289
Cash flows from investing activities:			
Movement in associates		-	808
Movement in amount due from related parties		<u>39,240</u>	<u>186,248</u>
Net cash generated from investing activities		39,240	187,056
Cash flows from financing activities:			
Movements in deferred revenue		<u>(256,618)</u>	<u>(307,941)</u>
Net cash (used in) financing activities		(256,618)	(307,941)
Net movements in cash & cash equivalents		(396,781)	1,695,404
Cash & cash equivalents at beginning of the year		<u>3,120,961</u>	<u>1,425,557</u>
Cash & cash equivalents at end of the year	8	<u>2,724,180</u>	<u>3,120,961</u>

The attached note nos. 1 - 20 and schedule no. 1 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, 2022

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. U74900TN1993PTC024165 with Registrar of Companies under The Companies Act 2013 in Chennai, India, is the sole shareholder of the Company as at the reporting date holding share capital of AED 10,000/- (10 shares of AED 1,000/- each), equivalent to USD 2,723/-. 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.

The day to day operations of the Company is handled by Ms. Ravindran Nair Ranjini, Indian national, who is appointed as the manager 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 Standards 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 presented on 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, 2021 to March 31, 2022. Previous year figures are for the period from April 01, 2020 to March 31, 2021 and have been regrouped where necessary.

During the earlier year, the Company had not communicated the fact of, reduction in paid-up share capital of the Company. However, during the current year it has been represented by the management that paid-up share capital of the Company was decreased from AED 84,000/- (equivalent to USD 22,870/-) to AED 10,000/- (equivalent to USD 2,723/-) vide Memorandum of Association dated January 27, 2020. This change in representation & facts has resulted into previous year's opening figures being restated in these financial statements to incorporate effect of reduction in share capital.

Operational Energy Generation FZCO

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

Notes to the Financial Statements for the year ended March 31, 2022 (continued)

	Amount in U.S. Dollars (USD)	
	<u>2020-21</u>	<u>2020-21</u>
	<u>Restated</u>	<u>Original</u>
Changes in Statement of Financial Position:		
Share capital	2,723	22,870
Share application money	20,147	-

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.

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 year 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, 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. Current and non-current classification:

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realized within twelve months after the reporting period.

Operational Energy Generation FZCO

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

Notes to the Financial Statements for the year ended March 31, 2022 (continued)

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period.
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

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
Office equipment	3 years
Vehicles	4 years

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 & 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 & equipment could have a significant effect on the amounts recognised in these financial statements. Management assesses the impairment of property, plant & 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.

Operational Energy Generation FZCO

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

Notes to the Financial Statements for the year ended March 31, 2022 (continued)

3.3. 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.

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.

Operational Energy Generation FZCO

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

Notes to the Financial Statements for the year ended March 31, 2022 (continued)

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.

3.4. 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.

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.

3.5. 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 that 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 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.

3.6. 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.

Operational Energy Generation FZCO

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

Notes to the Financial Statements for the year ended March 31, 2022 (continued)

3.7. 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.

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.

3.8. 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 applicable.

3.9. 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 represented 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.

3.10. 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.

3.11. 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.

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

Notes to the Financial Statements for the year ended March 31, 2022 (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 Standards 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 OEG Bangladesh Pvt Ltd, Bangladesh	Common control	Group company
Ms. Ravindran Nair Ranjini	Manager	Key management personnel

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

<u>Nature of transactions</u>	<u>2021-22</u>	<u>2020-21</u>
	<u>USD</u>	<u>USD</u>
Compensation to key management personnel:		
- Manager's remuneration & benefits	6,569	6,567

Amount due from related parties:

Amount due from related parties 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 receivable from 1 customer) and hence the Company has concentration of accounts receivable and consequent risk to that extent.

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.

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Notes to the Financial Statements for the year ended March 31, 2022 (continued)

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

Financial liabilities as on March 31, 2022	Less than 6 months	6 months to 1 year	More than 1 year	Total USD
Accounts payable	1,500,000	-	-	1,500,000
Provisions, accruals & other liabilities	<u>222,703</u>	-	-	<u>222,703</u>
Total	<u>1,722,703</u>	-	-	<u>1,722,703</u>

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	<u>102,648</u>	<u>153,970</u>	-	<u>256,618</u>
Total	<u>1,580,745</u>	<u>153,970</u>	-	<u>1,734,715</u>

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. The Company does not have any interest bearing assets or liabilities as on reporting date.

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.

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.

Operational Energy Generation FZCO

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Notes to the Financial Statements for the year ended March 31, 2022 (continued)

5. Deposits, prepayments & advances:

	<u>2022</u>	<u>2021</u>
	<u>USD</u>	<u>USD</u>
Deposits	69,915	69,915
Prepayments	3,833	3,833
Accrued revenue	216,852	226,238
Other current assets	<u>25,057</u>	<u>1,297</u>
	<u>315,657</u>	<u>301,283</u>

- 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 1,373/- (previous year USD 1,176/-) 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.

6. Accounts receivable:

	<u>2022</u>	<u>2021</u>
	<u>USD</u>	<u>USD</u>
Trade receivables	1,708,985	1,128,864
Reserve for impairment of accounts receivable	<u>(725,384)</u>	<u>(647,467)</u>
	<u>983,601</u>	<u>481,397</u>
Age-wise analysis of accounts receivable is as follows:		
Outstanding for less than 3 months	1,708,985	911,565
Outstanding for more than 3 months but less than 6 months	<u>-</u>	<u>217,299</u>
	<u>1,708,985</u>	<u>1,128,864</u>
Geographical analysis of accounts receivable is as follows:		
Due from Lebanon	<u>1,708,985</u>	<u>1,128,864</u>
	<u>1,708,985</u>	<u>1,128,864</u>
Movement in reserve for impairment of accounts receivable is as follows:		
Balance at the beginning of the year	647,467	200,000
Provided for the year	572,000	584,310
(Utilised) during the year	<u>(494,083)</u>	<u>(136,843)</u>
Balance at the end of the year	<u>725,384</u>	<u>647,467</u>

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

Operational Energy Generation FZCO

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Notes to the Financial Statements for the year ended March 31, 2022 (continued)

7. Amount due from related parties:

	<u>2022</u>	<u>2021</u>
	<u>USD</u>	<u>USD</u>
Due from group companies	<u>117,973</u>	<u>157,213</u>
	<u>117,973</u>	<u>157,213</u>

Amount due from related parties is free of interest.

8. Cash & bank balances/Cash & cash equivalents:

	<u>2022</u>	<u>2021</u>
	<u>USD</u>	<u>USD</u>
Balance with banks in current account	<u>2,724,180</u>	<u>3,120,961</u>
	<u>2,724,180</u>	<u>3,120,961</u>

9. Share capital:

	<u>2022</u>	<u>2021</u>
	<u>USD</u>	<u>USD</u>
Share capital	<u>2,723</u>	<u>2,723</u>
	<u>2,723</u>	<u>2,723</u>

Share capital comprises of 10 fully paid up equity shares of AED 1,000/- each, totalling to AED 10,000/-, equivalent to USD 2,723/- (previous year 10 fully paid up equity shares of AED 1,000/- each totalling to AED 10,000/-, equivalent to USD 2,723/-).

10. Reserves & surplus:

	<u>2022</u>	<u>2021</u>
	<u>USD</u>	<u>USD</u>
Retained earnings	<u>2,402,049</u>	<u>2,315,740</u>
	<u>2,402,049</u>	<u>2,315,740</u>

11. Provisions, accruals & other liabilities:

	<u>2022</u>	<u>2021</u>
	<u>USD</u>	<u>USD</u>
Accrued expenses	94,675	30,707
Accrued staff salaries & benefits	14,311	10,547
Advance from customers	113,717	832,303
Other current liabilities	-	4,540
	<u>222,703</u>	<u>878,097</u>

Operational Energy Generation FZCO

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

Notes to the Financial Statements for the year ended March 31, 2022 (continued)

12. Deferred revenue:

	<u>2022</u>	<u>2021</u>
	<u>USD</u>	<u>USD</u>
Deferred revenue	-	256,618
	<u>-</u>	<u>256,618</u>
Due within one year	-	256,618
	<u>-</u>	<u>256,618</u>

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

13. Revenue:

	<u>2021-22</u>	<u>2020-21</u>
	<u>USD</u>	<u>USD</u>
Operating & maintenance service fee	3,795,032	3,814,904
	<u>3,795,032</u>	<u>3,814,904</u>

14. Direct costs:

	<u>2021-22</u>	<u>2020-21</u>
	<u>USD</u>	<u>USD</u>
Salary, wages & other related benefits	1,351,637	1,106,110
Travelling & conveyance expenses	29,068	74,284
Consultancy charges	1,200,000	1,220,810
Other direct expenses	287,929	277,964
Depreciation on property, plant & equipment	6,260	13,109
	<u>2,874,894</u>	<u>2,692,277</u>

15. Other income:

	<u>2021-22</u>	<u>2020-21</u>
	<u>USD</u>	<u>USD</u>
Foreign exchange gain - net	-	132,285
Earlier year provision written back	17,766	-
	<u>17,766</u>	<u>132,285</u>

16. Marketing costs:

	<u>2021-22</u>	<u>2020-21</u>
	<u>USD</u>	<u>USD</u>
Impairment of accounts receivable	572,000	584,310
	<u>572,000</u>	<u>584,310</u>

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

Notes to the Financial Statements for the year ended March 31, 2022 (continued)

17. Administrative costs:

	<u>2021-22</u>	<u>2020-21</u>
	<u>USD</u>	<u>USD</u>
Office rent	23,000	23,000
Bank charges	3,772	607
Communication expenses	5,452	2,800
Utilities charges	70,962	14,973
Manager's remuneration & benefits	6,569	6,567
Insurance expenses	8,806	7,392
Office & other expenses	<u>141,540</u>	<u>52,913</u>
	<u>260,101</u>	<u>108,252</u>

18. Other expenses:

	<u>2021-22</u>	<u>2020-21</u>
	<u>USD</u>	<u>USD</u>
Foreign exchange loss - net	<u>19,494</u>	<u>-</u>
	<u>19,494</u>	<u>-</u>

19. 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.

20. 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, 2022

Schedule 1 - Property, plant & equipment:

Particulars	Amount in U.S. Dollars (USD)			
	Machinery & tools	Office equipment	Vehicles	Total
Cost:				
As at March 31, 2021	19,720	12,002	31,550	63,272
Additions	-	-	-	-
As at March 31, 2022	<u>19,720</u>	<u>12,002</u>	<u>31,550</u>	<u>63,272</u>
Accumulated depreciation:				
As at March 31, 2021	(8,628)	(11,559)	(30,614)	(50,801)
For the year	(4,932)	(392)	(936)	(6,260)
As at March 31, 2022	<u>(13,560)</u>	<u>(11,951)</u>	<u>(31,550)</u>	<u>(57,061)</u>
Net value- March 31, 2022	<u>6,160</u>	<u>51</u>	<u>-</u>	<u>6,211</u>
Net value- March 31, 2021	<u>11,092</u>	<u>443</u>	<u>936</u>	<u>12,471</u>

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, 2022

Schedule 2 - Share application money:

Particulars	Amount in U.S. Dollars (USD)	
	Pacific Technical Services India Private Limited	Total
As at March 31, 2020	20,147	20,147
Net movements	-	-
As at March 31, 2021	20,147	20,147
Net movements	-	-
As at March 31, 2022	20,147	20,147

Share application money represents subscription amount received from the shareholder towards subscribing to additional shares. Said amount is free of interest and would be converted to share capital on allotment of shares by M/s Operational Energy Generation FZCO.