

**Asian Oilfield & Energy Services DMCC  
Dubai Multi Commodities Centre**

**Post Box 128051  
Dubai (U.A.E.)**

**Financial statements &  
Auditor's report: 2018 - 19**

**Asian Oilfield & Energy Services DMCC  
Dubai Multi Commodities Centre, Dubai (U.A.E.)**

**Financial statements: 2018 – 19**

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## Manager's report

The manager of the company has pleasure in submitting this report along with the financial statements of Asian Oilfield & Energy Services DMCC, Dubai Multi Commodities Centre, Dubai (U.A.E.) for the year ended 31st March 2019.

### Legal status and shareholder:

Asian Oilfield & Energy Services DMCC is incorporated and registered as a free zone company with limited liability with Dubai Multi Commodities Centre Authority in the emirate of Dubai (U.A.E.) under service license no. DMCC-32446 and having registration no. DMCC3462.

M/s Asian Oilfield Services Limited, a public limited company registered under certificate of incorporation no. 318353 and company identification no. L23200MH1992PLC318353 with Registrar of Companies, Mumbai, Maharashtra, India is the sole shareholder of the company as at the reporting date holding share capital of AED 3,675,000/- (3,675 shares of AED 1,000/- each), equivalent to USD 1,000,000/-. The registered address of M/s Asian Oilfield Services Limited is 3B, 3rd Floor, Omkar Esquare, Chunabhatti Signal, Eastern Express Highway, Sion (East), Mumbai-400022, Maharashtra, India.

During the year under review, M/s Asian Oilfield Services Ltd. registered address was changed from Delhi to Mumbai with effect from 17th December 2018 and it was re-registered under Registrar of Companies, Mumbai, Maharashtra, India whereas earlier it was registered under Registrar of Companies, National Capital Territory of Delhi, Haryana, India under company identification no. L23200HR1992PLC052501.

### Operations of the company:

The company is licensed to carry on the activity of providing services in onshore & offshore oil & gas field and was principally engaged in same activity during the year under review.

The financial highlights of the company are as below:

	Amount in U.S. Dollars (USD)	
	<b>2018-19</b>	<b>2017-18</b>
Revenue	7,279,941/-	20,825,723/-
Gross profit	2,009,890/-	5,753,252/-
Net profit	1,423,596/-	4,921,292/-
Total liabilities	2,282,913/-	3,499,764/-
Equity & shareholder's funds	8,323,134/-	7,476,458/-

### Results & dividend:

Net profit for the year amounted to USD 1,423,596/- (previous year earned net profit of USD 4,921,292/-).

Opening balance of retained earnings along with current year net profits are 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 & Medium-sized Entities (IFRS for SMEs), implementing DMCC Company Regulations 2003 and applicable provisions of Memorandum & Articles of Association of the company.

## Asian Oilfield & Energy Services DMCC

(A Company registered and licenced as a Free Zone Company under the Rules & Regulations of DMCCA)

Unit No: 71, DMCC Business Centre Level No 8 Jewellery & Gemplex 2 Dubai United Arab Emirates

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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 auditor, M/s Kothari Auditors and 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 2019-20 and to fix their remuneration would be put up before the shareholder at the annual general meeting.

For Asian Oilfield & Energy Services DMCC

  
Vinod Khatod  
Manager

May 22, 2019  
Dubai, United Arab Emirates

**Asian Oilfield & Energy Services DMCC**

(A Company registered and licenced as a Free Zone Company under the Rules & Regulations of DMCCA)

Unit No: 71, DMCC Business Centre Level No 8 Jewellery & Gemplex 2 Dubai United Arab Emirates

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Source to **Solutions**

**Independent auditor's report**

To the shareholder of

**Asian Oilfield & Energy Services DMCC**  
Dubai Multi Commodities Centre, Dubai (U.A.E.)

**Qualified opinion:**

We have audited the financial statements of Asian Oilfield & Energy Services DMCC, Dubai Multi Commodities Centre, Dubai (U.A.E.) ('the company'), which comprise the statement of financial position as at 31st March 2019, and 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, except for the possible effects of the matters described in the 'Basis for qualified opinion' section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the company as at 31st March 2019, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards for Small & Medium-sized Entities (IFRS for SMEs).

**Basis for Qualified 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 qualified opinion. Our basis of qualified opinion is mentioned below.

- Advance to suppliers are subject to confirmation and impairment testing.
- The company has not impaired 'Amounts due from related party'.

**Emphasis of matters:**

Without further qualifying our opinion, we would like to state that:

- We have relied on certificate of physical verification of assets received from an independent audit firm which has conducted physical verification of the property, plant & equipment lying at various project locations in India and who has also certified carrying amount.
- The company had entered into a settlement agreement with one of its customer and the amount therein agreed is overdue & disputed by the customer. The company has filed for arbitration in 'The London Court of International Arbitration' on 22nd February 2019.

**Other matter:**

- The enclosed financial statements are standalone financial statements since as represented to us, the financial statements of company's subsidiary shall be consolidated directly by the company's parent.

**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 & Medium-sized Entities (IFRS for SMEs), implementing DMCC Company Regulations 2003 and applicable provisions of the Memorandum & 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.

كوتهاري لتدقيق الحسابات

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**Independent auditor's report (continued)**

To the shareholder of

**Asian Oilfield & Energy Services DMCC**  
**Dubai Multi Commodities Centre, 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.

A further description of our responsibilities for the audit of the financial statements can be found at Kothari Auditors & Accountants website at <http://www.kothariauditors.com/standards-commercial-company-laws-dubai.html>. This description forms part of our independent auditor's report.

**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, with the applicable provisions of DMCC Company Regulations 2003 and of its Memorandum & Articles of Association of the company;
- the company has maintained proper books of account and the financial statements are in agreement therewith;
- the financial information included in the manager's report is consistent with the books of accounts of the company;
- the company has not purchased or invested in any shares during the financial year ended 31st March 2019;
- note 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 31st March 2019, any of the applicable provisions of DMCC Company Regulations 2003 and of its Memorandum & Articles of Association which would materially affect its activities or its financial position as at 31st March 2019.

Kothari Vipul R.  
Ministry of Economy Registration No. 159  
Kothari Auditors & Accountants

May 22, 2019  
Dubai, United Arab Emirates



Ref: D/RP-2190/2019

**Asian Oilfield & Energy Services DMCC**

**Dubai Multi Commodities Centre, Dubai (U.A.E.)**

Statement of financial position as at 31st March 2019

Particulars	Note no.	Amount in U.S. Dollars (USD)	
		31.03.2019	31.03.2018
<b>Assets:</b>			
<b>Current assets</b>			
Cash & bank balances	5	32,105	428,057
Deposits, prepayments & advances	6	682,366	1,241,748
Amounts due from related party	7	1,550,536	1,427,896
Accounts receivables	8	3,440,363	1,496,975
		5,705,370	4,594,676
<b>Non-current assets</b>			
Investments in subsidiary	9	32,258	32,258
Property, plant & equipment	Sch-1	4,868,419	6,349,288
		4,900,677	6,381,546
<b>Total assets employed</b>		<b>10,606,047</b>	<b>10,976,222</b>
<b>Liabilities, equity &amp; shareholder's funds:</b>			
<b>Current liabilities</b>			
Loan from banks & financial institutions	10	0	1,375,000
Accounts payable	11	2,033,845	1,725,463
Provisions, accruals & other liabilities	12	243,313	399,301
		2,277,158	3,499,764
<b>Non-current liabilities</b>			
Employee end of service benefits	13	5,755	0
		5,755	0
Total liabilities		2,282,913	3,499,764
<b>Equity &amp; shareholder's funds</b>			
Share capital	14	1,000,000	1,000,000
Reserves & surplus	15	3,999,330	2,575,734
Equity		4,999,330	3,575,734
Loan from shareholder	Sch-2	2,465,431	4,800,351
Shareholder's current account	Sch-3	858,373	(899,627)
Equity & shareholder's funds		8,323,134	7,476,458
<b>Total liabilities, equity &amp; shareholder's funds</b>		<b>10,606,047</b>	<b>10,976,222</b>

The attached note nos. 1 to 24 and schedule nos. 1 to 3 form an integral part of these financial statements.

Auditor's report is on page nos. 3 & 4. The manager has approved and authorised the issuance of these financial statements on May 22, 2019.

For Asian Oilfield & Energy Services DMCC

Vinod Khatod  
Manager





**Asian Oilfield & Energy Services DMCC**

**Dubai Multi Commodities Centre, Dubai (U.A.E.)**

Statement of comprehensive income for the year ended 31st March 2019

Particulars	Note no.	Amount in U.S. Dollars (USD)	
		01.04.2018 to 31.03.2019	01.04.2017 to 31.03.2018
Revenue	16	7,279,941	20,825,723
Direct costs	17	(5,270,051)	(15,072,471)
Gross profit		2,009,890	5,753,252
Other income	18	197,265	1,649,913
Administrative costs	19	(436,260)	(352,377)
Finance costs	20	(344,147)	(578,381)
Other expenses	21	(3,152)	(1,551,115)
<b>Net profit</b>		<b>1,423,596</b>	<b>4,921,292</b>

The attached note nos. 1 to 24 and schedule nos. 1 to 3 form an integral part of these financial statements.  
Auditor's report is on page nos. 3 & 4. The manager has approved and authorised the issuance of these financial statements on May 22, 2019.

For Asian Oilfield & Energy Services DMCC

Viñod Khatod  
Manager





**Asian Oilfield & Energy Services DMCC**

**Dubai Multi Commodities Centre, Dubai (U.A.E.)**

Statement of changes in equity & shareholder's funds for the year ended 31st March 2019

Particulars	Share capital	Retained earnings	Loan from shareholder	Amount in U.S. Dollars (USD)	
				Shareholder's current account	Total
As at 31.03.2017	1,000,000	(2,345,558)	6,221,767	(702,401)	4,173,808
Net profit	0	4,921,292	0	0	4,921,292
Net movements	0	0	(1,421,416)	(197,226)	(1,618,642)
<b>As at 31.03.2018</b>	<b>1,000,000</b>	<b>2,575,734</b>	<b>4,800,351</b>	<b>(899,627)</b>	<b>7,476,458</b>
As at 31.03.2018	1,000,000	2,575,734	4,800,351	(899,627)	7,476,458
Net profit	0	1,423,596	0	0	1,423,596
Net movements	0	0	(2,334,920)	1,758,000	(576,920)
<b>As at 31.03.2019</b>	<b>1,000,000</b>	<b>3,999,330</b>	<b>2,465,431</b>	<b>858,373</b>	<b>8,323,134</b>

The attached note nos. 1 to 24 and schedule nos. 1 to 3 form an integral part of these financial statements.

Auditor's report is on page nos. 3 & 4.

**Asian Oilfield & Energy Services DMCC**

**Dubai Multi Commodities Centre, Dubai (U.A.E.)**

Statement of cash flows for the year ended 31st March 2019

Particulars	Note no.	Amount in U.S. Dollars (USD)	
		01.04.2018 to 31.03.2019	01.04.2017 to 31.03.2018
Cash flow from operating activities:			
Net profit		1,423,596	4,921,292
Adjustments for:			
Reversal of earlier year provisions		(74,625)	(49,260)
Accounts payable balance written back		0	(622,122)
Loan from others written back		0	(850,749)
Interest income		(122,640)	(111,327)
Depreciation on property, plant & equipment		1,480,869	1,480,869
Finance costs		344,147	578,381
Employee end of service benefits provided		5,755	0
Cash generated from operations		3,057,102	5,347,084
Net changes in operating assets & liabilities:			
Decrease in deposits, prepayments & advances		559,382	357,763
(Increase) in accounts receivables		(1,943,388)	(996,910)
Increase(decrease) in accounts payable		308,382	(2,374,202)
(Decrease) in provisions, accruals & other liabilities		(81,363)	(87,670)
<b>Net cash generated from operations</b>		<b>1,900,115</b>	<b>2,246,065</b>
Cash flow from investing activities:			
(Increase) in amounts due from related party		(122,640)	(231,327)
(Decrease) in loans & advances to others		0	(1,300,000)
Interest income		122,640	111,327
<b>Net cash generated from/(used in) investing</b>		<b>0</b>	<b>(1,420,000)</b>
Cash flow from financing activities:			
(Decrease) in loan from banks & financial institutions		(1,375,000)	(1,125,000)
(Decrease) in loan from shareholder		(2,334,920)	(1,421,416)
Increase(decrease) in shareholder's current account		1,758,000	(197,226)
(Outflow) of finance costs		(344,147)	(578,381)
<b>Net cash (used in) financing</b>		<b>(2,296,067)</b>	<b>(3,322,023)</b>
(Deficit) for the year		(395,952)	(2,495,958)
Cash & cash equivalents at beginning of year		428,057	2,924,015
Cash & cash equivalents at end of year	5	32,105	428,057

The attached note nos. 1 to 24 and schedule nos. 1 to 3 form an integral part of these financial statements.  
Auditor's report is on page nos. 3 & 4.



**Asian Oilfield & Energy Services DMCC**

**Dubai Multi Commodities Centre, Dubai (U.A.E.)**

Notes to the financial statements for the year ended 31st March 2019

**1 Legal status and activity:**

- 1.1 Asian Oilfield & Energy Services DMCC is incorporated and registered as a free zone company with limited liability with Dubai Multi Commodities Centre Authority in the emirate of Dubai (U.A.E.) under service license no. DMCC-32446 and having registration no. DMCC3462.
- 1.2 M/s Asian Oilfield Services Limited, a public limited company registered under certificate of incorporation no. 318353 and company identification no. L23200MH1992PLC318353 with Registrar of Companies, Mumbai, Maharashtra, India is the sole shareholder of the company as at the reporting date holding share capital of AED 3,675,000/- (3,675 shares of AED 1,000/- each), equivalent to USD 1,000,000/-). The registered address of M/s Asian Oilfield Services Limited is 3B, 3rd Floor, Omkar Esquare, Chunabhatti Signal, Eastern Express Highway, Sion (East), Mumbai-400022, Maharashtra, India.
- During the year under review, M/s Asian Oilfield Services Ltd. registered address was changed from Delhi to Mumbai with effect from 17th December 2018 and it was re-registered under Registrar of Companies, Mumbai, Maharashtra, India whereas earlier it was registered under Registrar of Companies, National Capital Territory of Delhi, Haryana, India under company identification no. L23200HR1992PLC052501.
- 1.3 The principal place of business is Unit no. 2H-08-71, Floor no. 8, Building no. 2, Plot no. 550-554 J&G, DMCC, Dubai (U.A.E.) and registered address is Post Box no. 128051.
- 1.4 The company is licensed to carry on the activity of providing services in onshore & offshore oil & gas field and was principally engaged in same activity during the year under review.

**2 Basis of preparation:**

**2.1 Statement of compliance:**

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

**2.2 Basis of measurement:**

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

**2.3 Basis of accounting & coverage:**

The company follows the accrual basis of accounting except for statement of cash flows which is presented on cash basis. Under accrual basis, 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 1st April 2018 to 31st March 2019. Previous year financial statements are for the period 1st April 2017 to 31st March 2018 and have been regrouped wherever necessary.

**2.4 Functional & presentation currency:**

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

## **Asian Oilfield & Energy Services DMCC**

**Dubai Multi Commodities Centre, Dubai (U.A.E.)**

Notes to the financial statements for the year ended 31st March 2019

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

The preparation of combined 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 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 have been considered, in preparation of financial statements.

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

The company follows the group accounting policy for determining the useful lives, salvage value and thus the depreciation rates of the items of property, plant & equipments. The company reviews the estimated lives and salvage value on the periodic basis (as per group accounting policies) and depreciation charge would be adjusted when the management believes that they differ from previous estimates.

#### **- Impairment of accounts receivables:**

Accounts receivables 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 receivables 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 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.

The management's estimate of useful life of various assets is as follows:

Machinery & tools	106 months
Office equipment	74 – 190 months
Vehicles	126 months

Gains and losses on disposals are determined by comparing proceeds with the asset's carrying amount. These are recognised under 'other income or expense' 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.



## **Asian Oilfield & Energy Services DMCC**

**Dubai Multi Commodities Centre, Dubai (U.A.E.)**

Notes to the financial statements for the year ended 31st March 2019

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.

### **3.2 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 comprise of balances with banks in current accounts.
- **Accounts receivables:**  
Accounts receivables are amounts due from customers towards providing services in the ordinary course of business. Accounts receivables 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 receivables. A reserve for impairment of accounts receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to original terms of the accounts receivables.
- **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 de-recognised 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.

**Asian Oilfield & Energy Services DMCC**

**Dubai Multi Commodities Centre, Dubai (U.A.E.)**

Notes to the financial statements for the year ended 31st March 2019

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 group intends to settle on a net basis.

**3.3 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.

**3.4 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 the asset (an incurred "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial assets or the group of financial assets that can be reliably 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 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 carrying amount and the present value of future cash flows discounted at the current market rate of return for a similar financial asset;
- For assets carried at amortised cost, impairment is the difference between carrying amount and the present value of estimated future cash flows discounted at the financial assets original effective interest rate.

Reversal of impairment losses is recognised in prior years and 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.



**Asian Oilfield & Energy Services DMCC**

**Dubai Multi Commodities Centre, Dubai (U.A.E.)**

Notes to the financial statements for the year ended 31st March 2019

**3.5 Leases:**

Leases are classified as finance lease, when substantially all the risk and reward of ownership are transferred to lessee. All other leases are operating lease.

**- Operating lease:**

Lease payments under operating lease are recognised 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 company is not exposed to any operating lease obligations.

**3.6 Employee benefits:**

Employee benefits have been provided for in accordance with the contractual terms with the employees, but are however subject to minimum of UAE 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.

**3.7 Provisions & contingencies:**

Provisions are recognised when the company has a legal or constructive obligation 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), will be charged at 5% standard rate on every taxable supply and deemed supply made by the company. The company is required to file its VAT returns and compute the receivable tax (which is input tax) for the allotted tax period and 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.

**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 and duties.

Revenue includes the invoiced value of services provided during the year less discounts and customer claim towards delay in completion of work, if any. Service income is recognized when the service is imparted and the right to receive is established.

Rental income is accounted on time-proportion basis. Other income is recognised as and 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.

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Notes to the financial statements for the year ended 31st March 2019

### 3.11 Foreign currency transactions:

- a. Transactions in foreign currency, if any, are converted into functional currency at prevailing exchange rate on the date such transactions are entered into.
- b. 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 rates prevailing on the date of transaction or the determination of fair value respectively.
- c. 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.

### 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 management & shareholder considers that 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 transactions during the year under review comprises of the shareholder, key management personnel & group companies as stated hereunder:

<u>Name of related parties</u>	<u>Control</u>	<u>Relationship</u>
Asian Oilfield Services Limited, India	Shareholder	Parent company
AOSL Petroleum Pte. Ltd, Singapore	Common control	Group company
Ivorene Oil Services Nigeria Limited, Nigeria	99.99% control	Subsidiary
Oilmax Energy Private Limited	Common control	Ultimate parent company
Mr. Pradeep Devraj Vaswani <sup>1</sup>	Manager	Key management personnel
Mr. Vinod Khatod	Manager	Key management personnel
Mr. Avinash Dilip Tawde	Director	Key management personnel
Mr. Vasudev Devagiri	Director	Key management personnel

<sup>1</sup>Mr. Pradeep Devraj Vaswani ceased to be the company's manager w.e.f. September 9, 2016.

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

<u>Nature of transaction</u>	<u>Amount in U.S. Dollars (USD)</u>	
	<u>2018-19</u>	<u>2017-18</u>
<b>Other transaction:</b>		
- Interest on amounts due from group company	122,640/-	111,327/-
- Interest on loan from shareholder	305,080/-	468,584/-
- Rental income charged to parent company	1,088,000/-	1,188,000/-
- Consultancy charges paid to parent company	900,000/-	Nil/-
- Service charges paid to subsidiary	1,503,852/-	7,532,791/-
<b>Compensation to key management personnel:</b>		
- Manager's remuneration & benefits	60,599/-	53,913/-



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### Amounts due from related party:

Amounts due from related party is bearing interest @ 10.00% p.a. (previous year @ 10.00% p.a.).

### Loan from shareholder:

Loan from shareholder is long term in nature, without any fixed repayment schedule and bears interest @ 9.00% p.a. (previous year @ 9.00% p.a.).

### Shareholder's current account:

Balance in shareholder's current account represents amount (withdrawn)/invested by the shareholder. Said balance is long term in nature and free of interest.

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

### 4.2.1 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 exposure to credit risk on trade receivables 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 receivables were outstanding from 2 customers (previous year 100% from 1 customer) and hence the company has concentration of accounts receivables 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.

The company's management is confident of settling the liabilities as and when it falls due, with project revenue cash generation and infusion by the shareholder as and when required.

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

	Amount in U.S. Dollars (USD)			
	Less than 6 months	6 months to 1 year	More than 1 year	Total
As on 31st March 2019				
Accounts payable	1,998,517	35,328	-	2,033,845
Provisions, accrual & other liabilities	243,313	-	-	243,313
Employee end of service benefits	-	-	5,755	5,755
Total	2,241,830	35,328	5,755	2,282,913
As on 31st March 2018				
Loan from banks & financial institutions	687,500	687,500	-	1,375,000
Accounts payable	1,709,661	15,802	-	1,725,463
Provisions, accrual & other liabilities	324,694	74,607	-	399,301
Total	2,721,855	777,909	-	3,499,764

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### **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.

Interest @ 9.00% p.a. (previous year @ 9.00% p.a.) are payable on loan from shareholder.

Interest @ 10.00% p.a. (previous year @ 10.00% p.a.) is receivable on amounts due from related party.

#### **- 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) only. However the company is exposed to following foreign currency risk:

	<u>2018-19</u>	<u>2017-18</u>
Liabilities denominated in INR	913,885/-	4,529,867/-

### **Other risks:**

#### **- Revenue risk:**

100% of revenue was generated from 2 customers only (previous year 94.30% from 1 customer) and hence the company has concentration of revenue & consequent risk to that extent.

### **4.2.2 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.

### **4.2.3 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.



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		Amount in U.S. Dollars (USD)	
		31.03.2019	31.03.2018
<b>5</b>	<b>Cash &amp; bank balances/Cash &amp; cash equivalents:</b>		
	Balance with banks in current accounts	32,105	428,057
		<u>32,105</u>	<u>428,057</u>
<b>6</b>	<b>Deposits, prepayments &amp; advances:</b>		
	Deposits	1,090	1,907
	Prepayments	4,230	23,065
	Advance to suppliers	674,500	842,500
	Loans & advances to staff	143	341
	Other current assets	2,403	373,935
		<u>682,366</u>	<u>1,241,748</u>
	Movement in reserve for impairment of other current assets is as follows:		
	Balance at the beginning of the year	0	0
	Provided for the year	0	1,548,731
	(Utilised) during the year	0	(1,548,731)
	Balance at the end of the year	0	0
	Deposits include AED 3,000/-, equivalent to USD 817/- (previous year AED 6,000/-, equivalent to USD 1,634/-) placed with Dubai Multi Commodities Centre Authority towards employee visa guarantees.		
	Other current assets includes VAT receivables balance of 396/- 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.		
<b>7</b>	<b>Amounts due from related party:</b>		
	Due from group company	1,550,536	1,427,896
		<u>1,550,536</u>	<u>1,427,896</u>
	Amounts due from related party carries interest @ 10.00% p.a. (previous year @ 10.00% p.a.) and includes accrued interest of 324,152/- (previous year 201,512/-).		
<b>8</b>	<b>Accounts receivables:</b>		
	Trade receivables	3,440,363	1,496,975
		<u>3,440,363</u>	<u>1,496,975</u>
	Age-wise analysis of accounts receivables is as follows:		
	Outstanding for less than 3 months	375,283	1,496,975
	Outstanding for more than 3 months but less than 6 months	1,065,080	0
	Outstanding for more than 6 months but less than 12 months	2,000,000	0
		<u>3,440,363</u>	<u>1,496,975</u>
	Geographical analysis of accounts receivables is as follows:		
	Due from Mauritius	2,000,000	1,496,975
	Due from Nigeria	1,440,363	0
		<u>3,440,363</u>	<u>1,496,975</u>

The company's exposure to credit risk relating to accounts receivables is mentioned in note no. 4.2.1.

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		Amount in U.S. Dollars (USD)	
		31.03.2019	31.03.2018
<b>9</b>	<b>Investments in subsidiary:</b>		
	Investment in subsidiary	32,258	32,258
		<u>32,258</u>	<u>32,258</u>
	Investment in subsidiary represents subscription to 99.99% of the paid up share capital of M/s Ivorene Oil Services Nigeria Limited, Nigeria (9,999,999 fully paid up equity shares of NGN 1/- each, equivalent to USD 32,258/-).		
<b>10</b>	<b>Loan from banks &amp; financial institutions:</b>		
	<b>Term loan</b>		
	Opening balance	1,375,000	2,500,000
	Received during the year	0	0
	(Repaid) during the year	(1,375,000)	(1,125,000)
	Closing balance	<u>0</u>	<u>1,375,000</u>
	Due within one year	0	1,375,000
	Due after one year	<u>0</u>	<u>0</u>
		0	1,375,000
<b>11</b>	<b>Accounts payable:</b>		
	Payable for expenses	83,523	127,993
	Payables to subsidiary	1,950,322	1,597,470
		<u>2,033,845</u>	<u>1,725,463</u>
<b>12</b>	<b>Provisions, accruals &amp; other liabilities:</b>		
	Accrued expenses	234,268	16,483
	Accrued staff salaries & benefits	9,045	320,499
	Other liabilities	0	62,319
		<u>243,313</u>	<u>399,301</u>
	Accrued staff salaries and benefits included 74,607/- payable to key management personnel in previous year.		
<b>13</b>	<b>Employee end of service benefits:</b>		
	Balance at the beginning of the year	0	0
	Provided for the year	5,755	0
	Balance at the end of the year	<u>5,755</u>	<u>0</u>
	Employee end of service benefits is payable to key management personnel.		
<b>14</b>	<b>Share capital:</b>		
	Share capital	1,000,000	1,000,000
		<u>1,000,000</u>	<u>1,000,000</u>
	Share capital comprises of 3,675 fully paid up equity shares of AED 1,000/- each totalling to AED 3,675,000/-, equivalent to USD 1,000,000/- (previous year 3,675 fully paid up equity shares of AED 1,000/- each totalling to AED 3,675,000/-, equivalent to USD 1,000,000/-).		



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**Dubai Multi Commodities Centre, Dubai (U.A.E.)**

Notes to the financial statements for the year ended 31st March 2019

		Amount in U.S. Dollars (USD)	
		31.03.2019	31.03.2018
<b>15 Reserves &amp; surplus:</b>			
Retained earnings		3,999,330	2,575,734
		<u>3,999,330</u>	<u>2,575,734</u>
		01.04.2018 to 31.03.2019	01.04.2017 to 31.03.2018
<b>16 Revenue:</b>			
Revenue from oilfield services		6,371,986	20,825,723
Compensation on termination of service contract		907,955	0
		<u>7,279,941</u>	<u>20,825,723</u>
<b>17 Direct costs:</b>			
Salaries, wages & other benefits		552,962	3,148,644
Consultancy expenses		1,705,204	743,102
Service charges		1,503,852	7,532,791
Consumables tools		0	1,685,932
Insurance expenses		13,600	20,561
Overseas travelling expenses		91,182	504,586
Other direct expenses		32,624	66,228
Depreciation on machinery, tools & vehicles		1,370,627	1,370,627
		<u>5,270,051</u>	<u>15,072,471</u>
<b>18 Other income:</b>			
Interest income on amounts due from related party		122,640	111,327
Reversal of earlier years provision		74,625	49,260
Other miscellaneous income		0	16,455
Loan from other written back		0	850,749
Creditor balance written back		0	622,122
		<u>197,265</u>	<u>1,649,913</u>
<b>19 Administrative costs:</b>			
Office rent		4,657	4,066
Manager's remuneration & benefits		60,599	53,913
Communication expenses		36,397	132,104
Fees & charges		14,504	11,619
Compensation of termination of contract		193,600	0
Office & other expenses		16,261	40,433
Depreciation on other property, plant & equipment		110,242	110,242
		<u>436,260</u>	<u>352,377</u>

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Notes to the financial statements for the year ended 31st March 2019

		Amount in U.S. Dollars (USD)	
		01.04.2018 to 31.03.2019	01.04.2017 to 31.03.2018
<b>20</b>	<b>Finance costs:</b>		
	Bank charges	10,734	29,547
	Interest on term loan	28,333	80,250
	Interest on loan from shareholder	305,080	468,584
		<u>344,147</u>	<u>578,381</u>
<b>21</b>	<b>Other expenses:</b>		
	Impairment of other current assets	0	1,548,731
	Foreign exchange loss - net	3,152	2,384
		<u>3,152</u>	<u>1,551,115</u>
<b>22</b>	<b>Arbitration proceedings:</b>		
	The company has filed for arbitration in 'The London Court of International Arbitration' on 22nd February 2019 claiming balance amount of USD 1,759,564/- from a customer towards breach of settlement deed in the matter of compensation for early termination of 'Service Contract for Operations and Maintenance of Floating Production Unit'. The hearing in this arbitration is yet to commence. Above stated claim amount has been recorded under accounts receivables.		
<b>23</b>	<b>Contingent liabilities:</b>		
	Employee visa guarantees	817	1,634
	Except for the above and other ongoing business commitments against which the company expects no losses, there were no liabilities of contingent nature or on capital accounts outstanding as at reporting date.		
<b>24</b>	<b>Events occurring after the reporting date:</b>		
	There were no other significant events occurring after the reporting date that would materially affect the working or the financial statements of the company.		



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Schedules to the financial statements for the year ended 31st March 2019

Amount in U.S. Dollars (USD)

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

Particulars	Machinery & tools	Office equipment	Vehicles	Total
<b>Cost:</b>				
As at 31.03.2018	12,190,558	716,992	139,361	13,046,911
Additions	0	0	0	0
Disposals	0	0	0	0
As at 31.03.2019	12,190,558	716,992	139,361	13,046,911
<b>Accumulated depreciation:</b>				
As at 31.03.2018	5,912,616	347,721	33,370	6,293,707
For the year	1,370,627	110,242	0	1,480,869
On disposals	0	0	0	0
As at 31.03.2019	7,283,243	457,963	33,370	7,774,576
<b>Accumulated impairment:</b>				
As at 31.03.2018	275,132	22,793	105,991	403,916
For the year	0	0	0	0
On disposals	0	0	0	0
As at 31.03.2019	275,132	22,793	105,991	403,916
<b>Net value - 31.03.2019</b>	<b>4,632,183</b>	<b>236,236</b>	<b>0</b>	<b>4,868,419</b>
<b>Net value - 31.03.2018</b>	<b>6,002,810</b>	<b>346,478</b>	<b>0</b>	<b>6,349,288</b>

Property, plant & equipment are lying at various project sites in India.

**Asian Oilfield & Energy Services DMCC**

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Schedules to the financial statements for the year ended 31st March 2019

Amount in U.S. Dollars (USD)

**Schedule 2 - Loan from shareholder:**

Particulars	Asian Oilfield Services Limited	Total
As at 31.03.2017	6,221,767	6,221,767
(Repaid) during the year	(1,890,000)	(1,890,000)
Interest on loan account	468,584	468,584
<b>As at 31.03.2018</b>	<b>4,800,351</b>	<b>4,800,351</b>
As at 31.03.2018	4,800,351	4,800,351
(Repaid) during the year	(2,640,000)	(2,640,000)
Interest on loan account	305,080	305,080
<b>As at 31.03.2019</b>	<b>2,465,431</b>	<b>2,465,431</b>

Loan from shareholder is long term in nature, without any fixed repayment schedule and bearing interest @ 9.00% p.a. (previous year @ 9.00% p.a.).



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Schedules to the financial statements for the year ended 31st March 2019

Amount in U.S. Dollars (USD)

**Schedule 3 - Shareholder's current account:**

Particulars	Asian Oilfield Services Limited	Total
As at 31.03.2017	(702,401)	(702,401)
Net movements	(197,226)	(197,226)
<b>As at 31.03.2018</b>	<b>(899,627)</b>	<b>(899,627)</b>
As at 31.03.2018	(899,627)	(899,627)
Net movements	1,758,000	1,758,000
<b>As at 31.03.2019</b>	<b>858,373</b>	<b>858,373</b>

Balance in shareholder's current account represents amount (withdrawn)/invested by the shareholder. Said balance is long term in nature and free of interest.