

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

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

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

Asian Oilfield & Energy Services DMCC
Dubai Multi Commodities Centre, 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 presents 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 March 31, 2022.

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 Energy 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 previous year, the name of the parent company 'M/s Asian Oilfield Services Limited' was changed to 'M/s Asian Energy Services Limited' as registered under Ministry of Corporate Affairs of India w.e.f October 1, 2020.

The day to day operations of the Company are managed by Mr. Vinod Khatod who is appointed as the manager of the Company.

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:

	<u>2021-22</u>	<u>2020-21</u>
	<u>USD</u>	<u>USD</u>
Revenue	1,340,000	14,605,175
Gross (loss)/profit	(449,749)	2,324,729
Other income	123,149	1,431,149
Net (loss)/profit	(1,462,359)	1,664,265
Total liabilities	7,532,356	8,970,809
Equity & shareholder's funds	4,800,891	8,183,250

Results & dividend:

Net loss for the year amounted to USD 1,462,359/- (previous year earned net profit of USD 1,664,265/-).

A sum of USD 1,500,000/- (previous year USD 1,000,000/-) has been approved & distributed as dividend out of retained earnings and the said amount has been paid to the shareholder.

Opening balance of retained earnings after distribution of dividend and setting off current year net loss is proposed to be carried forward.

Asian Oilfield & Energy Services DMCC

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

Unit No: 118, DMCC Business Centre Level No. 5 Jewellery & Gemplex 2 Dubai United Arab Emirates

E-mail acnchills@asianenergy.com Phone +0097156-5924277 Website: www.asianoilfield.com PO Box: 235660

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 (IFRSs), implementing DMCC Company Regulations 2020 and 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.

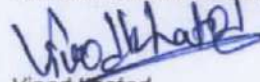
Events occurring after the reporting date:

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 Asian Oilfield & Energy Services DMCC



Vinod Khatod
Manager



May 13, 2022

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: 118, DMCC Business Centre Level No. 5 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 March 31, 2022, 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 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 March 31, 2022, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) applied on a consistent basis.

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 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 qualified opinion. Our basis of qualified opinion is mentioned below:

1. The Company's only customer M/s Amni International Petroleum Development OML 52 Company Limited had issued a notice of suspension of the contract (suspension notice) on November 16, 2020. Against the said suspension notice, the Company had issued notice of termination vide notice no. 2021-AOS-AMN-P002-0017 dated August 3, 2021 (termination notice) to terminate the contract with immediate effect. Subsequently, the Company has issued notice of suspension of termination till August 31, 2021 vide notice no. 2021-AOS-AMN-P002-0018 dated August 7, 2021 to amicably solve the matter. Such suspension of termination, after multiple extensions have been currently extended till May 31, 2022, by which the customer is working towards imminent project restart, as per customer's email dated April 25, 2022. Accounts receivable & amount due from customer for contract works amounting USD 7,007,774/- & USD 76,161/- remains unconfirmed and subject to impairment, if any.
2. Advances to suppliers, amounting to USD 362,346/- remains unconfirmed and subject to impairment, if any.
3. Dues from related party amounting to USD 1,702,922/- has not been impaired though there exists objective evidence of impairment.
4. Independent verification, valuation & impairment testing of property, plant & equipment lying in Nigeria, of carrying value of USD 1,077,534/- could not be carried out.
5. The Company has issued, notice of suspension of contract, to some of its sub-contractors who were working on a project, which in turn was suspended by the Company's customer (refer 1 above). As represented to us by the management, the sub-contractors have not raised any claim, compensation etc., against the contract suspension. The balances with some of such sub-contractors, amounting to USD 4,330,997/- remain unconfirmed.

Due to impact of 1 to 4 above, account receivables, amount due from customer for contract work, advance to suppliers, dues from related party, property, plant & equipment, net profit & net worth of the Company are overstated to the extent of impairment, if any.



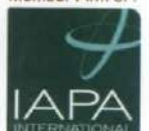
كوتاري لتدقيق الحسابات

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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.)

Material uncertainty relating to going concern:

The Company's only revenue generating contract with M/s Amni International Petroleum Development OML 52 Company Limited had been suspended by the customer and subsequently said contract has been terminated by the Company. Though the Company has issued initial notice of suspension of termination on August 7, 2021, which after multiple extensions, have been extended till May 31, 2022, it raises doubt about the Company's going concern. However, the shareholder has represented that Company would continue looking for opportunities in Middle East & Africa and wishes to keep the office functioning and has confirmed that necessary financial assistance will be provided to the Company as & when required and hence these financial statements have been prepared on a going concern basis.

Emphasis of matter:

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

- 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 amounting to USD 527,467/- at one of the project locations in India who has also certified the carrying value of the assets.

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 (IFRSs), implementing DMCC Company Regulations of 2020 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.

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 skepticism 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.



Independent Auditor's Report (continued)

To the shareholder of

Asian Oilfield & Energy Services DMCC

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

- 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.

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 of 2020 and of its Memorandum & 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 purchased shares in another company during the financial year ended March 31, 2022 as stated in note no. 5.
- Note no. 4.1 to the financial statements discloses material related party transactions, and the terms under which they were conducted.
- Schedule no. 2 to the financial statements discloses amount withdrawn by the shareholder.
- 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 DMCC Company Regulations of 2020 and the Memorandum & Articles of Association which would materially affect its activities or its financial position as at March 31, 2022.


Kothari Vipul R.

Ministry of Economy Registration No. 159
Kothari Auditors & Accountants



May 13, 2022
Dubai, United Arab Emirates

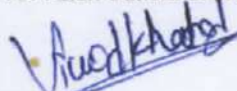
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Asian Oilfield & Energy Services DMCC
Dubai Multi Commodities Centre, Dubai (U.A.E.)
Statement of Financial Position as at March 31, 2022

Particulars	Note no.	2022 USD	2021 USD
Assets:			
Non-current assets			
Property, plant & equipment	Sch 1	1,658,250	3,367,275
Investments	5	<u>13,194</u>	<u>-</u>
		1,671,444	3,367,275
Current assets			
Deposits, prepayments & advances	6	950,953	893,336
Accounts receivable	7	7,857,774	8,949,254
Amount due from related party	8	1,702,922	1,799,966
Amount due from customer for contract work	9	76,161	76,161
Other financial assets	10	-	1,450,000
Cash & bank balances	11	<u>73,993</u>	<u>618,067</u>
		<u>10,661,803</u>	<u>13,786,784</u>
Total assets employed		<u>12,333,247</u>	<u>17,154,059</u>
Equity, shareholder's funds & liabilities:			
Equity & shareholder's funds			
Share capital	12	1,000,000	1,000,000
Reserves & surplus	13	<u>4,822,518</u>	<u>7,784,877</u>
Equity		5,822,518	8,784,877
Shareholder's current account	Sch 2	<u>(1,021,627)</u>	<u>(601,627)</u>
Equity & shareholder's funds		4,800,891	8,183,250
Non-current liabilities			
Employee end of service benefits	14	<u>14,775</u>	<u>11,775</u>
		14,775	11,775
Current liabilities			
Accounts payable	15	5,723,610	7,152,983
Provisions, accruals & other liabilities	16	<u>1,793,971</u>	<u>1,806,051</u>
		<u>7,517,581</u>	<u>8,959,034</u>
Total liabilities		<u>7,532,356</u>	<u>8,970,809</u>
Total equity, shareholder's funds & liabilities		<u>12,333,247</u>	<u>17,154,059</u>

The attached note nos. 1 - 28 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 13, 2022.

For Asian Oilfield & Energy Services DMCC


Vinod Khatod
Manager



Asian Oilfield & Energy Services DMCC

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

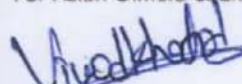
Statement of Comprehensive Income for the year ended March 31, 2022

Particulars	Note no.	2021-22 USD	2020-21 USD
Revenue	17	1,340,000	14,605,175
Direct costs	18	<u>(1,789,749)</u>	<u>(12,280,446)</u>
Gross (loss)/profit		(449,749)	2,324,729
Other income	19	123,149	1,431,149
Marketing costs	20	(903,000)	(1,550,000)
Administrative costs	21	(204,533)	(266,312)
Finance costs	22	(28,116)	(13,146)
Other expenses	23	<u>(110)</u>	<u>(3,348)</u>
Net (loss)/profit before tax for the year		(1,462,359)	1,923,072
Tax expenses	24	-	(258,807)
Net (loss)/profit for the year		<u>(1,462,359)</u>	<u>1,664,265</u>

The attached note nos. 1 - 28 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 13, 2022.

For Asian Oilfield & Energy Services DMCC


Vinod 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 March 31, 2022

Particulars	Amount in U.S. Dollars (USD)			
	Share capital	Proposed dividend	Retained earnings	Shareholder's current account
Balance at March 31, 2020	1,000,000	-	7,120,612	(461,627)
Net profit for the year	-	-	1,664,265	-
Proposed dividend	-	1,000,000	(1,000,000)	-
Dividend paid	-	(1,000,000)	-	-
Net movements	-	-	-	(140,000)
Balance at March 31, 2021	1,000,000	-	7,784,877	(601,627)
Net (loss) for the year	-	-	(1,462,359)	-
Proposed dividend	-	1,500,000	(1,500,000)	-
Dividend paid	-	(1,500,000)	-	-
Net movements	-	-	-	(420,000)
Balance at March 31, 2022	1,000,000	-	4,822,518	(1,021,627)
				8,183,250
				4,800,891

The attached note nos. 1 - 28 and schedule nos. 1 & 2 form an integral part of these financial statements.
Auditor's report is on page nos. 3 - 5.

Asian Oilfield & Energy Services DMCC

Dubai Multi Commodities Centre, 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 (loss)/profit for the year		(1,462,359)	1,664,265
Adjustments for:			
Depreciation on property, plant & equipment		1,709,025	1,545,054
Impairment of accounts receivable		-	1,550,000
Sundry balances & earlier years provision written back		-	(1,087,372)
Interest income		(123,149)	(123,603)
Finance costs		28,116	13,146
Gain on disposal of investments		-	(12,742)
Employee end of service benefits provided		3,000	3,000
Operating cash flows before changes in working capital		154,633	3,551,748
Working capital changes:			
Movement in accounts receivable		1,091,480	(6,360,711)
Movement in deposits, prepayments & advances		(57,617)	(404,022)
Movement in amounts due from customer		-	(76,161)
Movement in accounts payable		(1,429,373)	417,728
Movement in provisions, accruals & other liabilities		(12,080)	301,299
Net cash (used in) operating activities		(252,957)	(2,570,119)
Cash flows from investing activities:			
(Additions) to property, plant & equipment		-	(1,500,000)
Movement in investment		(13,194)	-
Disposal of investment		-	45,000
Movement in amount due from related party		97,044	(122,955)
Interest income		123,149	123,603
Net cash generated from/(used in) investing activities		206,999	(1,454,352)
Cash flows from financing activities:			
Dividends paid		(1,500,000)	(1,000,000)
Finance costs		(28,116)	(13,146)
Net movements in shareholder's current account		(420,000)	(140,000)
Net cash (used in) financing activities		(1,948,116)	(1,153,146)
Net movement in cash & cash equivalents		(1,994,074)	(5,177,617)
Cash & cash equivalents at beginning of the year		2,068,067	7,245,684
Cash & cash equivalents at end of the year	26	73,993	2,068,067
Non-cash transactions	25		

The attached note nos. 1 - 28 and schedule nos. 1 & 2 form an integral part of these financial statements.

Auditor's report is on page nos. 3 - 5.

Asian Oilfield & Energy Services DMCC

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

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

1. Legal status and activity:

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 Energy 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 previous year, the name of the parent company 'M/s Asian Oilfield Services Limited' was changed to 'M/s Asian Energy Services Limited' as registered under Ministry of Corporate Affairs of India w.e.f October 1, 2020.

The principal place of business is Unit no. 118, DMCC Business Centre, Level no. 5, Jewellery & Gemplex 2, Dubai (U.A.E.).

The day to day operations of the Company are managed by Mr. Vinod Khatod who is appointed as the manager 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.

2. Basis of preparation:

2.1. Statement of compliance:

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), issued by the International Accounting Standards Board (IASB).

2.2. Application of new and revised International Financial Reporting Standards (IFRSs)

a. New and amended IFRS Standards that are effective for the current year:

The following new and revised IFRSs, which became effective for annual periods beginning on or after April 01, 2021, have been adopted in these financial statements:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 relating to phase 2 of interest rate benchmark reforms
- Amendments of IFRS 16 Leases relating to Covid-19 Related Rent Concessions
- Amendments to IAS 16 Property, plant and equipment relating to proceeds before intended use.
- Amendment to IAS 37 Provisions, Contingent Liabilities and Contingent Assets relating to onerous contracts
- Amendments to IFRS 3 Business Combinations relating to reference to conceptual framework
- Annual improvements to IFRS standards 2018 – 2020 cycle relating to amendments to IFRS 1 first-time adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture

However, the above stated standards & amendments do not have any material impact on the Company's financial statements as at March 31, 2022 but may affect the accounting for future transactions or arrangements.

Asian Oilfield & Energy Services DMCC

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

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

b. Relevant new and amended standards issued but not yet effective for the year ended March 31, 2022:

A number of new standards, amendments to standards and interpretations are not yet effective for annual periods beginning after April 01, 2021 and have not been early applied in preparing these financial statements. None of those are expected to have a significant effect on the financial statements of the Company.

Standard/Interpretation	Effective date
• Amendments to IAS 8 Accounting policies, Changes in accounting estimates and errors	January 01, 2023
• Amendments to IAS 1 Presentation of Financial Statements relating to classification of liabilities as current or non-current	January 01, 2023
• IFRS 17 Insurance Contracts and Amendment to IFRS 17 Insurance Contracts	January 01, 2023
• Amendments to IAS 12 Income Taxes relating to Deferred Tax related to Assets and Liabilities arising from a Single Transaction	January 01, 2023
• Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 for disclosure of accounting policies	January 01, 2023
• Amendment to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures relating to treatment of sale or contribution of assets between an investor and its associate or joint venture	To be announced

The new or amended accounting Standards and Interpretations listed above are not mandatory for March 31, 2022 reporting period and have not been early adopted by the Company. These are not expected to have a material impact on the financial statements of the Company in the current or future reporting periods and on foreseeable future transactions.

2.3. Basis of measurement:

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

2.4. Basis of accounting & 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.

2.5. 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.

2.6. 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.

Asian Oilfield & Energy Services DMCC

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

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

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

The following accounting estimates and management judgments which are material in nature, have been considered, in the 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 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, this estimation is performed on an individual basis. Accounts receivable balances which are not individually significant, but which is outstanding for beyond normal credit terms, are assessed collectively and a provision applied based on expected credit loss model.

During the previous year, the Company had reached and agreed (vide confirmatory emails) to an out-of-court settlement for USD 450,000/- with one of its customer, against whom the Company had filed for arbitration proceedings in 'The London Court of International Arbitration' claiming a total of USD 2,000,000/- against early termination of service contract. The uncollectible balance was impaired. The settlement agreement was formalized & signed by both the parties on July 5, 2021.

- Estimated projects cost:

The Company makes an estimation of total cost of the project (excluding incremental cost to obtain the contract) and tests the estimates every year and revises total estimated cost and cost-to-be-incurred. This estimation is significant to the determination of the stage of completion and thus measurement of the contract revenue & profits. Management of the Company provides the said estimated cost for completing the projects after consulting respective project managers & engineers.

- Allowance for expected credit loss:

The Company recognises a loss allowance of expected credit loss (herein after 'ECL') on financial assets measured at amortised cost. The amount of ECL is updated at the end of each reporting period to reflect changes in credit risk since initial recognition of the respective financial instrument.

If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the Company reverts to recognising impairment loss allowance based on 12-month ECL. ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e., all cash shortfalls), discounted at the original effective rate of interest. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

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The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables (including contract assets). The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECL at each reporting date, right from its initial recognition.

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.
- 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.

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

Machinery & tools	60-106 months
Office equipment	74-190 months
Vehicles	126 months

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.

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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.

3.3. Investment:

Investment represents investment by the Company, to enhance the Company's business interest or to effectively utilize the surplus resources. Investment is classified as either long term or short term, based on the intention of the management, at the time of purchase.

The Company has adopted the policy of measuring investment in share at cost and same has not been tested for impairment.

3.4. Amount due to/from customers for contract work:

Amount due to customers for contract work represents excess of progress billings over the contract revenue in respect of projects under progress and computed on percentage completion basis.

Amount due from customers for contract work represents un-billed revenue in respect of projects under progress and computed on percentage completion basis.

3.5. 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 of 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 at the initial transaction price less expected credit losses. When accounts receivable are uncollectible, it is written off against reserve for impairment. Subsequent recoveries of amounts previously written off are credited to the statement of comprehensive income.

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.

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

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.

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

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

3.6. 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.

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

3.7. 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 cash flows 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 cash flows 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 cash flows discounted at the financial asset's original effective interest.

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

3.8. Leases:

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

- Operating lease:

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

3.9. Employee benefits:

Employee benefits have been provided for in accordance with the contractual terms with the employees, but are however subject to minimum of U.A.E. Labour Law requirements.

Short-term employee benefits:

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Annual leave and leave passage:

An accrual is made for the estimated liability for employees' entitlement to annual leave and leave passage as a result of services rendered by eligible employees up to the end of the year.

Employee end of service benefits:

The provision for employee end of service benefits is based on the liability which would arise if the employment of all staff was terminated at the reporting date and is calculated in accordance with the provisions of UAE Federal Labour Law. Management considers these as long-term obligations and accordingly they are classified as long-term liabilities.

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

3.10. 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.

3.11. 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 other current liabilities as applicable.

3.12. Revenue recognition:

The Company recognises revenue from contracts with customers based on a five-step model as set out in IFRS 15 as under:

- Step 1. Identify the contract with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
- Step 2. Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
- Step 3. Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
- Step 4. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.
- Step 5. Recognise revenue when (or as) the entity satisfies a performance obligation.

The Company satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

1. The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; or
2. The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
3. The Company's performance does not create an asset with an alternative use to the Company and the entity has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

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

When the Company satisfies a performance obligation by delivering the promised goods or services it creates a contract asset based on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised this gives rise to a contract liability.

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.

Revenue from contract work:

Revenue from contract is recognised based on cost-to-cost method. Cost-to-cost method is referred to as a method by which the revenue is recognised based on the stage /percentage of project completion. Percentage of project completion is measured as the proportion that contract cost incurred till date bears to the total estimated contract cost.

Recognised profit (loss) is the excess (deficit) of contract revenue over contract cost. Any excess of contract cost including recognised profit (loss) over progressive billing is treated as 'Amount due from customers for contract work' and any excess of progressive billing over work completion including recognised profit (loss) is treated as 'Amount due to customers for contract work'.

Interest income:

Interest income was recognised when it was probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a timely basis, by reference to the principal outstanding and at the effective profit or interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Other income:

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

Sundry balances & earlier year provision written back represent amounts no longer payable which are reversed and credit given to sundry balances written back & presented under other income based on management representation.

3.13. 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.

3.14. 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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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 (IFRSs).

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 comprises of the shareholder, key management personnel & group companies as stated here under:

<u>Name of the related parties</u>	<u>Control</u>	<u>Relation</u>
M/s Asian Energy Services Limited, India	Shareholder	Parent company
M/s AOSL Petroleum Pte. Ltd, Singapore	Common control	Group company
M/s Oilmax Energy Private Limited	Common control	Ultimate parent company
M/s Ivorene Oil Services Nigeria Limited, Nigeria*	99.99% control	Subsidiary
M/s Vaan Group & Holdings Limited, Hongkong	Common control	Group company
Mr. Vinod Khatod	Manager	Key management personnel
Mr. Nayan Mani Borah	Director	Key management personnel
Mr. Vasudev Devagiri	Director	Key management personnel

*M/s Ivorene Oil Services Nigeria Limited ceased to be the subsidiary of the Company w.e.f. June 18, 2020.

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

	<u>2021-22</u>	<u>2020-21</u>
<u>Nature of transactions</u>	<u>USD</u>	<u>USD</u>
Revenue:		
- Rental income charged to parent company	490,000	350,000
Direct costs:		
- Consultancy charges paid to parent company	-	2,400,000
- Service charges paid to subsidiary	-	3,709,843
- Sub-contracting charges paid to group company	-	634,725
Other transactions:		
- Interest on amounts due from group company	122,956	122,955
- Interest on delayed payment	28,116	13,146
Compensation to key management personnel:		
- Manager's remuneration & benefits	42,210	52,031

Amount due from related party:

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

Shareholder's current account:

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

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

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 is placed with banks of repute.

The exposure to credit risk on accounts receivable and amount due from related party 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 2 customers (previous year 100% of the total accounts receivable from 2 customers) 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.

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 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
Employee end of service benefits	-	-	14,775	14,775
Accounts payable	5,723,610	-	-	5,723,610
Provisions, accruals & other liabilities	<u>1,793,971</u>	-	-	<u>1,793,971</u>
Total	<u>7,517,581</u>	-	<u>14,775</u>	<u>7,532,356</u>

Financial liabilities as on March 31, 2021	Less than 6 months	6 months to 1 year	More than 1 year	Total USD
Employee end of service benefits	-	-	11,775	11,775
Accounts payable	7,152,983	-	-	7,152,983
Provisions, accruals & other liabilities	<u>1,806,051</u>	-	-	<u>1,806,051</u>
Total	<u>8,959,034</u>	-	<u>11,775</u>	<u>8,970,809</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 of 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.

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- 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 @ 10.00% p.a. (previous year @ 10.00% p.a.) is receivable on amount 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.

Other risks:

- Revenue risk:

63.43% of revenue was generated from 1 customer only (previous year 97.60% from 1 customer) 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.

During the year under review, the shareholder has approved & distributed dividend of USD 1,500,000/- (previous year USD 1,000,000/-) and said dividend has been paid to the shareholder.

c. Fair value information:

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

5. Investments:

	<u>2022</u>	<u>2021</u>
	<u>USD</u>	<u>USD</u>
Investment in subsidiary	-	-
Investment in company	13,194	-
	<u>13,194</u>	<u>-</u>

a. During the previous year, entire shareholding in subsidiary was transferred to M/s Cure Multitrade Private Limited, India w.e.f. June 18, 2020 vide Share Transfer Agreement. However, said transfer of shares have been duly registered with Corporate Affairs Commission, Nigeria on August 19, 2020.

b. Investment in company represents subscription to 5.00% of the paid up share capital of M/s Vaan Group & Holdings Limited, Hongkong being 100,000 fully paid up equity shares of HKD 1/- each, totalling to HKD 100,000/- equivalent to USD 13,194/-. Said investment is stated at cost and has not been tested for impairment.

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

6. Deposits, prepayments & advances:

	<u>2022</u>	<u>2021</u>
	<u>USD</u>	<u>USD</u>
Deposits	1,089	1,089
Prepayments	540,092	266,115
Advance to suppliers	362,346	355,601
Loans & advances to staff	18	49
Other current assets	<u>47,408</u>	<u>270,482</u>
	<u>950,953</u>	<u>893,336</u>

- a. Deposits include AED 3,000/-, equivalent to USD 817/- (previous year AED 3,000/-, equivalent to USD 817/-) placed with Dubai Multi Commodities Centre Authority towards employee visa guarantees and the same can be withheld by them under certain circumstances.
- b. Other current assets includes VAT receivable balance of USD 35,531/- (previous year USD 29,666/-) 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.
- c. Other current assets also includes accrued rental income of USD Nil/- (previous year USD 210,000/-) which is receivable from parent company.

7. Accounts receivable:

	<u>2022</u>	<u>2021</u>
	<u>USD</u>	<u>USD</u>
Trade receivable	<u>7,857,774</u>	<u>8,949,254</u>
	<u>7,857,774</u>	<u>8,949,254</u>

Age-wise analysis of accounts receivable is as follows:

Outstanding for less than 3 months	-	40,120
Outstanding for more than 3 months but less than 6 months	850,000	1,755,897
Outstanding for more than 6 months but less than 12 months	-	6,703,237
Outstanding for more than 12 months	<u>7,007,774</u>	<u>450,000</u>
	<u>7,857,774</u>	<u>8,949,254</u>

Geographical analysis of accounts receivable is as follows:

Due from Mauritius	-	450,000
Due from African countries	<u>7,857,774</u>	<u>8,499,254</u>
	<u>7,857,774</u>	<u>8,949,254</u>

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

Balance at the beginning of the year	-	-
Provided for the year	-	1,550,000
(Utilised) during the year	<u>-</u>	<u>(1,550,000)</u>
Balance at the end of the year	<u>-</u>	<u>-</u>

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

- a. Refer note 2.6 for Company's policy in estimating the impairment of accounts receivable.
- b. The Company's exposure to credit risk relating to accounts receivable is disclosed in note no. 4.2.(a).
- c. Refer note no. 20 for impairment provision during the previous year.
- d. The Company's customer has directly paid to some of the Company's vendors, the summary of which is reflected under note no. 25.

8. Amount due from related party:

	<u>2022</u>	<u>2021</u>
	<u>USD</u>	<u>USD</u>
Due from group company	<u>1,702,922</u>	<u>1,799,966</u>
	<u>1,702,922</u>	<u>1,799,966</u>

Amount due from related party carries interest @ 10.00% p.a. (previous year @ 10.00% p.a.) and includes accrued interest of USD 473,338/- (previous year USD 570,832/-).

9. Amount due from/to customer for contract work:

	<u>2022</u>	<u>2021</u>
	<u>USD</u>	<u>USD</u>
Project cost incurred to date	39,197,755	39,197,755
Recognised profits	<u>10,998,018</u>	<u>10,998,018</u>
Contract revenue to date	50,195,773	50,195,773
Progress billings	<u>(50,119,612)</u>	<u>(50,119,612)</u>
Amount due from/to customer for contract work	<u>76,161</u>	<u>76,161</u>

10. Other financial assets:

	<u>2022</u>	<u>2021</u>
	<u>USD</u>	<u>USD</u>
Fixed deposit - maturing within 3 months	<u>-</u>	<u>1,450,000</u>
	<u>-</u>	<u>1,450,000</u>

Fixed deposit was placed with ICICI Bank, Bahrain.

11. Cash & bank balances:

	<u>2022</u>	<u>2021</u>
	<u>USD</u>	<u>USD</u>
Balance with banks in current accounts	<u>73,993</u>	<u>618,067</u>
	<u>73,993</u>	<u>618,067</u>

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

12. Share capital:

	<u>2022</u>	<u>2021</u>
	<u>USD</u>	<u>USD</u>
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/-).

13. Reserves & surplus:

	<u>2022</u>	<u>2021</u>
	<u>USD</u>	<u>USD</u>
Retained earnings	4,822,518	7,784,877
	<u>4,822,518</u>	<u>7,784,877</u>

14. Employee end of service benefits:

	<u>2022</u>	<u>2021</u>
	<u>USD</u>	<u>USD</u>
Balance at the beginning of the year	11,775	8,775
Provided for the year	3,000	3,000
Balance at the end of the year	<u>14,775</u>	<u>11,775</u>

Employee end of service benefits is payable to key management personnel.

15. Accounts payable:

	<u>2022</u>	<u>2021</u>
	<u>USD</u>	<u>USD</u>
Payable for expenses	138,403	178,576
Payable for sub-contractors	5,511,007	6,175,207
Payables to group company	74,200	799,200
	<u>5,723,610</u>	<u>7,152,983</u>

16. Provisions, accruals & other liabilities:

	<u>2022</u>	<u>2021</u>
	<u>USD</u>	<u>USD</u>
Accrued expenses	1,647,723	1,656,535
Accrued staff salaries & benefits	-	3,268
Other liabilities	146,248	146,248
	<u>1,793,971</u>	<u>1,806,051</u>

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

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

- a. Accrued expenses includes tax provision for the previous years for project executed by the Company as directed by Nigerian Federal Inland Revenue Service Authority and interest of USD 41,262/- (previous year USD 13,146/-) on delayed payment to related party @ 6.00% p.a. (previous year 6.00% p.a.).
- b. Accrued staff salaries & benefits represented amount payable to key management personnel.
- c. Other liabilities represents provision of AED 537,097/- equivalent to USD 146,248/- made against legal case no. 354/2017 filed by Mr. Pradeep Devraj Vaswani, an ex-employee towards his unpaid salary, wrongful termination, expenses etc where court has issued final verdict against company & has obligated Company to pay for the expenses vide order issued dated October 13, 2020.

17. Revenue:

	2021-22	2020-21
	USD	USD
Revenue from oilfield services	1,340,000	14,605,175
	<u>1,340,000</u>	<u>14,605,175</u>
Disintegration of revenue:		
a. Timing of revenue recognition:		
At a point in time	-	-
Over a period of time	1,340,000	14,605,175
	<u>1,340,000</u>	<u>14,605,175</u>
b. Primary geographical markets:		
African country	850,000	14,255,175
Asian country	490,000	350,000
	<u>1,340,000</u>	<u>14,605,175</u>

18. Direct costs:

	2021-22	2020-21
	USD	USD
Salaries, wages & other benefits	3,371	12,411
Consultancy expenses	125,209	3,238,208
Service charges	-	4,735,420
Sub-contracting charges	-	2,716,551
Overseas travelling expenses	672	2,706
Insurance expenses	788	82,057
Depreciation on machinery, tools & vehicles	1,659,709	1,493,093
	<u>1,789,749</u>	<u>12,280,446</u>

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

19. Other income:

	<u>2021-22</u>	<u>2020-21</u>
	<u>USD</u>	<u>USD</u>
Interest on fixed deposit	193	648
Interest income on amount due from related party	122,956	122,955
Sundry balances & earlier year provisions written back	-	1,087,372
Gain on sale of investments	-	12,742
Penalty on receipt of delayed payment	-	207,432
	<u>123,149</u>	<u>1,431,149</u>

20. Marketing costs:

	<u>2021-22</u>	<u>2020-21</u>
	<u>USD</u>	<u>USD</u>
Advertisement & business promotion expenses	903,000	-
Impairment of accounts receivable	-	1,550,000
	<u>903,000</u>	<u>1,550,000</u>

During the previous year, the Company had reached and agreed (vide confirmatory emails) to an out-of-court settlement for USD 450,000/- with one of its customer, against whom the Company had filed for arbitration proceedings in 'The London Court of International Arbitration' claiming a total of USD 2,000,000/- against early termination of service contract. The uncollectible balance was impaired. The settlement agreement was formalized & signed by both the parties on July 5, 2021.

21. Administrative costs:

	<u>2021-22</u>	<u>2020-21</u>
	<u>USD</u>	<u>USD</u>
Office rent	4,575	9,729
Manager's remuneration & benefits	42,210	52,031
Bank charges	6,640	10,476
Software & IT related expenses	57,000	97,776
Communication expenses	68	4,760
Fees & charges	34,341	26,979
Office & other expenses	10,383	12,600
Depreciation on other property, plant & equipment	49,316	51,961
	<u>204,533</u>	<u>266,312</u>

22. Finance costs:

	<u>2021-22</u>	<u>2020-21</u>
	<u>USD</u>	<u>USD</u>
Interest on delayed payment to group company	28,116	13,146
	<u>28,116</u>	<u>13,146</u>

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

23. Other expenses:

	<u>2021-22</u>	<u>2020-21</u>
	<u>USD</u>	<u>USD</u>
Foreign exchange loss - net	110	3,348
	<u>110</u>	<u>3,348</u>

24. Tax expenses:

	<u>2021-22</u>	<u>2020-21</u>
	<u>USD</u>	<u>USD</u>
Tax expenses	-	258,807
	<u>-</u>	<u>258,807</u>

25. Non-cash transactions:

	<u>2022</u>	<u>2021</u>
	<u>USD</u>	<u>USD</u>
Decrease in accounts receivable	1,341,480	-
(Decrease) in accounts payable	(1,341,480)	-
	<u>-</u>	<u>-</u>

26. Cash & cash equivalents:

	<u>2022</u>	<u>2021</u>
	<u>USD</u>	<u>USD</u>
Balance with banks in current accounts	73,993	618,067
Fixed deposit - maturing within 3 months	-	1,450,000
	<u>73,993</u>	<u>2,068,067</u>

27. 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.

28. 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.

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Schedules to the Financial Statements for the year ended March 31, 2022

Schedule 1 - Property, plant & equipment:

Particulars	Amount in U.S. Dollars (USD)			
	Plant & machinery	Office equipment	Vehicles	Total
Cost:				
As at March 31, 2021	13,690,558	716,992	139,361	14,546,911
Additions	-	-	-	-
As at March 31, 2022	<u>13,690,558</u>	<u>716,992</u>	<u>139,361</u>	<u>14,546,911</u>
Accumulated depreciation:				
As at March 31, 2021	(10,425,848)	(614,427)	(139,361)	(11,179,636)
For the year	(1,659,709)	(49,316)	-	(1,709,025)
As at March 31, 2022	<u>(12,085,557)</u>	<u>(663,743)</u>	<u>(139,361)</u>	<u>(12,888,661)</u>
Net value- March 31, 2022	<u>1,605,001</u>	<u>53,249</u>	<u>-</u>	<u>1,658,250</u>
Net value- March 31, 2021	<u>3,264,710</u>	<u>102,565</u>	<u>-</u>	<u>3,367,275</u>

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

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

Schedules to the Financial Statements for the year ended March 31, 2022

Schedule 2 - Shareholder's current account:

Particulars	Amount in U.S. Dollars (USD)		
	Asian Oilfield Services Limited		Total
As at March 31, 2020	(461,627)		(461,627)
Net movements	(140,000)		(140,000)
As at March 31, 2021	(601,627)		(601,627)
Net movements	(420,000)		(420,000)
As at March 31, 2022	(1,021,627)		(1,021,627)

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