

RENUKA ENERGY RESOURCE HOLDINGS (FZE)
Sharjah Airport International Free Zone, Sharjah - United Arab Emirates
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED 31ST MARCH, 2022

RENUKA ENERGY RESOURCE HOLDINGS (FZE)
Sharjah Airport International Free Zone, Sharjah - United Arab Emirates
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED 31ST MARCH, 2022

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RENUKA ENERGY RESOURCE HOLDINGS (FZE)
Sharjah Airport International Free Zone, Sharjah - United Arab Emirates
SHARE HOLDERS' REPORTS

The Shareholder has pleasure in submitting his Report and Accounts of the FZE for the Year ended 31st March, 2022.

LEGAL STATUS AND PARTNERS:

RENUKA ENERGY RESOURCE HOLDINGS (FZE) ("the Company") was registered with Sharjah Airport International Free Zone Authority, Established Pursuant to Emiri Decree No (2) of 1995, Government of Sharjah-United Arab Emirates on 13th July, 2008 as a Free Zone Establishment with Limited Liability under the U.A.E. Federal Commercial Company Law. The registered address of the company is SAIF DESK R6-40/B , P.O. Box 121997, Sharjah Airport International Free Zone, Sharjah, United Arab Emirates.

Name & Origin	Origin	Number of shares	Value per share AED	Total value AED	% age
1. M/s. Ravindra Energy Limited	India	705	150,000	105,750,000	100
		705		105,750,000	100

OPERATIONS OF THE FZE

The FZE is primarily engaged in the business of general trading under (commercial license no. 12048) and also engaged in the business of investment of own financial resources under (service license no. 06430).

The management and control are vested with Mr. Sushant Mungare, an Indian national.

	Amount (AED)	
	2022	2021
Revenue	137,685,089	82,066,326
Gross Loss	(6,153,603)	(428,078)
Net (Loss)/Profit	(4,322,919)	592,330
Total liabilities	50,329,811	48,463,444
Equity and partners' funds	4,587,383	8,910,302

RESULTS & APPROPRIATIONS

Results for the year and appropriations from profit are as under :

	2022	2021
Accumulated losses - brought forward	(96,839,698)	(97,432,028)
Loss/Profit for the Year	(4,322,919)	592,330
Accumulated losses - carried forward	(101,162,617)	(96,839,698)

RENUKA ENERGY RESOURCE HOLDINGS (FZE)
Sharjah Airport International Free Zone, Sharjah - United Arab Emirates
SHAREHOLDERS' REPORTS

STATEMENT OF SHAREHOLDER'S RESPONSIBILITY

The Shareholder is responsible for preparing the financial statements for each financial period which gives a true and fair view of the state of affairs of the FZE and of the net profit or loss for the financial year ending 31st March, 2022.

The financial statements for the Year ended 31st March, 2022 have been prepared in conformity and in compliance with the requirements of the International Financial Reporting Standards, relevant statutory requirements and other governing laws. The Shareholder confirm that sufficient care has been taken for the maintenance of proper and adequate accounting records that discloses with reasonable accuracy at any time, the financial position of the FZE and enables to ensure that financial statements comply with the requirements of applicable statute. The Shareholder also confirms that appropriate accounting policies have been selected and applied consistently in order that financial statements reflect fairly the form and substance of the transactions carried out during the year under review and reasonably presents the FZE financial conditions and result of its operations.

EVENTS OCCURRING AFTER THE REPORTING DATE;

There were no important events occurring after the end of reporting period that would materially affect the working or the financial statements of the FZE.

AUDITORS

Salim Al Siyabi Chartered Accountants and Auditors, P.O. Box 53329, Sharjah, UAE, have offered themselves for reappointment as Auditor for next year.

The image shows a handwritten signature in blue ink on the left. To its right is a circular blue ink stamp. The stamp contains the text 'P.O. Box : 121997' and 'SHARJAH - U.A.E.' in the center. Around the perimeter of the stamp, the text 'RENUKA ENERGY RESOURCE HOLDINGS FZE' is written in English, and the Arabic equivalent 'شركة رنوكا للطاقة والموارد' is written at the top.

Authorized Signatory

**INDEPENDENT AUDITOR'S REPORT
TO RENUKA ENERGY RESOURCE HOLDINGS (FZE).
Sharjah Airport International Free Zone, Sharjah - United Arab Emirates**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial Statements of **RENUKA ENERGY RESOURCE HOLDINGS (FZE)**, which comprise the statement of financial position as at 31st March, 2022 the related statements of comprehensive income, statement of cash flows and changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial Statements present fairly, in all material respects, the financial position of the Company as at 31st March, 2022, and its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the Financial Statements in accordance with IFRS, and applicable provisions of UAE Federal Law No. 2 of 2015 (the "Federal Law"), and for such internal controls as management determines are 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.

The management is responsible for overseeing the Company's financial reporting process.

INDEPENDENT AUDITOR'S REPORT (continued)
TO RENUKA ENERGY RESOURCE HOLDINGS (FZE).

Sharjah Airport International Free Zone, Sharjah - United Arab Emirates

Report on the Audit of the Financial Statements (continued)

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 ISA 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 ISA, we exercise professional judgment 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 controls;
- Obtain an understanding of internal controls 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 controls;
- 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; and
- 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.

INDEPENDENT AUDITOR'S REPORT (continued)
TO RENUKA ENERGY RESOURCE HOLDINGS (FZE).
Sharjah Airport International Free Zone, Sharjah - United Arab Emirates
Report on the Audit of the Financial Statements (continued)

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

We also provide management with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with management, we determine if there are any matters that were of most significance in the audit of the Financial Statements of the current year and are therefore the key audit matters. We have determined that there are no key audit matters to communicate in our report.

Report on Legal and Regulatory Requirements

As required by the U.A.E. Federal Law No.(2) of 2015, we report that:

1. we have obtained all the information and explanations necessary for the purpose of our audit;
2. the Financial Statements have been prepared and comply, in all material respects, with the applicable provisions of the U.A.E. Federal Law No.(2) of 2015, and the Memorandum of Association ("MOA") of the Company;
3. the Company has maintained proper books of account; and
4. 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 period ended 31st March, 2022, any of the applicable provisions of the U.A.E. Federal Law No.(2) of 2015, or of its MOA, which would materially affect its activities or its financial position as at 31st March, 2022.

Youssry & Co. Auditing & Consultancy
Reg Number 613
Dubai, United Arab Emirates
17th May, 2022



RENUKA ENERGY RESOURCE HOLDINGS (FZE)

Sharjah Airport International Free Zone, Sharjah - United Arab Emirates

Statement of Financial Position as at 31st March, 2022

(In Arab Emirates Dirham)

		2022	2021
ASSETS	Note		
Current Assets			
Accounts receivable	4	33,077,936	35,405,136
Prepayment, Deposits and other receivables	5	18,768,224	19,354,699
Cash & bank balances	6	3,071,034	2,613,911
Total Current Assets		54,917,194	57,373,746
TOTAL ASSETS		54,917,194	57,373,746
EQUITY & LIABILITIES			
Share capital	2	105,750,000	105,750,000
Accumulated losses		(101,162,617)	(96,839,698)
		4,587,383	8,910,302
TOTAL EQUITY		4,587,383	8,910,302
Current Liabilities			
Due to related parties	7	19,823,845	18,180,826
Short term borrowings	8	10,276,000	28,075,798
Accounts Payable	9	11,713,888	-
Other Payable	10	8,516,078	2,206,820
Total Current Liabilities		50,329,811	48,463,444
Total Liabilities		50,329,811	48,463,444
TOTAL EQUITY AND LIABILITIES		54,917,194	57,373,746

The attached notes 10 to 22 from part of these financial statements

For Independent Auditors' Report, see page 3 to 5

The financial statements were approved on 17th May, 2022 and signed on behalf of the Entity, by:



Authorized Signatory

RENUKA ENERGY RESOURCE HOLDINGS (FZE)

Sharjah Airport International Free Zone, Sharjah - United Arab Emirates

Statement of Comprehensive Income for the Year ended 31st March, 2022

(In Arab Emirates Dirham)

		2022	2021
	Note		
Sales	11	137,685,089	82,066,326
Cost of sales	12	(143,838,692)	(82,494,404)
Gross Loss		(6,153,603)	(428,078)
Operating expenses			
Salaries and benefits		(132,092)	(92,886)
Sundry Balances written off		(44,364)	(587,084)
Administrative, general & selling expenses	13	(2,662,293)	(321,905)
Loss from operation		(8,992,352)	(1,429,953)
Financial expenses	14	(2,842,401)	(4,746,170)
Other income	15	7,511,834	6,768,453
Net(Loss)/ Profit for the year		(4,322,919)	592,330

The attached notes 10 to 22 from part of these financial statements

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RENUKA ENERGY RESOURCE HOLDINGS (FZE)

Sharjah Airport International Free Zone, Sharjah - United Arab Emirates

**Statement of Cash Flows for the Year ended 31st March, 2022
(In Arab Emirates Dirham)**

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Net(Loss)/ Profit for the year	(4,322,919)	592,330
Adjustments for:		
Operating cash flows before working capital changes	(4,322,919)	592,330
<i>(Increase) / Decrease in Current Assets</i>		
Accounts receivable	2,327,200	41,456,972
Prepayment,Deposits and other receivables	586,475	(1,707,563)
<i>Increase / (Decrease) in Current Liabilities</i>		
Accounts Payable	11,713,888	(15,283,321)
Other Payable	6,309,258	-
Due to related Parties	1,643,019	(14,528,293)
Net cash flow from operating activities	18,256,921	10,530,125
CASH FLOW FROM INVESTING ACTIVITIES		
Investment in subsidiaries	-	-
Net cash flow from investing activities	-	-
CASH FLOW FROM FINANCING ACTIVITIES		
Short term borrowings	(17,799,798)	(8,580,608)
Increase in share capital	-	1,800,000
Decrease in Share Application Money	-	(1,835,000)
Net cash flow (used in) financing activities	(17,799,798)	(8,615,608)
Net increase in cash and cash equivalents	457,123	1,914,517
Cash and cash equivalents at beginning of the Year	2,613,911	699,394
Cash and cash equivalents at end of the Year	3,071,034	2,613,911

The attached notes 10 to 22 from part of these financial statements

For Independent Auditors' Report, see page 3 to 5

The financial statements were approved on 17th May, 2022 and signed on behalf of the Entity, by:



Authorized Signatory

RENUKA ENERGY RESOURCE HOLDINGS (FZE)

Sharjah Airport International Free Zone, Sharjah - United Arab Emirates

Statement of Changes in Equity for the Year ended 31st March, 2022

(In Arab Emirates Dirham)

	Share Capital	Accumulated losses	Total
At 1st April, 2020	103,950,000	(97,432,028)	6,517,972
Transfer of Share Application Money	1,800,000		1,800,000
Profit for the year		592,330	592,330
At 31st March, 2021	105,750,000	(96,839,698)	8,910,302
Loss for the year	-	(4,322,919)	(4,322,919)
At 31st March, 2022	105,750,000	(101,162,617)	4,587,383

The attached notes 10 to 22 from part of these financial statements

For Independent Auditors' Report, see page 3 to 5

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Authorized Signatory

RENUKA ENERGY RESOURCE HOLDINGS (FZE)
Sharjah Airport International Free Zone, Sharjah - United Arab Emirates

NOTES FORMING PART OF THE FINANCIAL STATEMENTS –

For the year ended 31st March, 2022

(All figures in AED)

1. LEGAL STATUS

RENUKA ENERGY RESOURCE HOLDINGS (FZE) ("the Company") was registered with Sharjah Airport International Free Zone Authority, Established Pursuant to Emiri Decree No (2) of 1995, Government of Sharjah-United Arab Emirates on 13th July, 2008 as a Free Zone Establishment with Limited Liability under the U.A.E. Federal Commercial Company Law.

1.1 The registered address of the company is SAIF DESK, R6-40/B, P.O. Box 121997, Sharjah Airport International free trade Zone.

1.2 The financial statements are presented in UAE Dirham (AED) which is the functional currency of the FZE.

1.3 The management and control are vested with Mr. Sushant Mungare, an Indian national.

2. The shareholding of the FZE is as follows:

Name	Origin	Number of shares	Value per share AED	Total Value	%
1. M/s Ravindra Energy Limited	India	705	150,000	105,750,000	100

2.1 ACTIVITY

The FZE is primarily engaged in the business of general trading under (commercial license no. 12048) and also engaged in the business of investment of own financial resources under (service license no. 06430).

NOTES FORMING PART OF THE FINANCIAL STATEMENTS –
For the year ended 31st March, 2022

(All figures in AED)

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and applicable requirements of UAE laws. Significant accounting policies, adopted and applied consistently in dealing with items that are considered material in relation to these financial statements, are set below.

Adoption of new and revised Standards and Interpretations

The Company has adopted the following new and amended IFRS and IFRIC during the period:

- ❖ Amendments to IFRS 10, IFRS 12 and IAS 27 (effective 1 January 2014)
- ❖ IFRIC 21 Levies (effective 1 January 2014)
- ❖ Amendments to IAS 32-Offsetting Financial Assets and Financial Liabilities (effective 1 January 2014)
- ❖ Amendments to IAS 36 Impairment of Assets-Recoverable Amount Disclosures for Non-Financial Assets (effective 1 January 2014)
- ❖ Amendments to IAS 39-Financial Instruments-Novation of Derivatives and Continuation of Hedge Accounting (effective 1 January 2014)

Adoption of the above Standards and Interpretations do not have any material impact on the financial position or performance of the Company.

Following Standards and Interpretations which have been issued at the date of the statement of financial position have not yet been adopted by the Company as these are effective for future dates.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS –
For the year ended 31st March, 2022

(All figures in AED)

- ❖ IFRS 9 Financial Instruments (effective 1 January 2018)
- ❖ IFRS 14 Regulatory Deferral Accounts (effective 1 January 2016)
- ❖ IFRS 15 Revenue from Contracts with Customers (effective 1 January 2017)
- ❖ Amendments of IFRS 11 Accounting for Acquisitions of Interests in Joint Operations (effective 1 January 2016)
- ❖ Amendments to IAS 16 and IAS 38 Clarifications of Acceptable Methods and Amortisation (effective 1 January 2016).
- ❖ Amendments to IAS 16 and IAS 41 Agricultural: Bearer Plants (effective 1 January 2016)
- ❖ Amendments to IAS 19 Defined Benefits Plans: Employee Contributions (effective 1 July 2014)
- ❖ Annual Improvements to IFRSs 2010-2012 Cycle (effective 1 July 2014)
- ❖ Annual Improvements to IFRSs 2011-2013 Cycle (effective 1 July 2014)

Adoption of the above Standards and Interpretations in the future periods will have no material impact on the financial position or performance of the Group.

(a) Accounting convention

The financial statements have been prepared under the historical cost convention except for applying fair value convention to certain assets such as investment properties, available for sale financial assets, financial assets at fair value through profit or loss, derivative financial instruments, stocks of commodity-broker traders, agricultural and forest products and other biological assets.

(b) Tangible fixed assets and depreciation

The FZE does not hold any fixed assets, uses the same provided by the Free Zone Authority as it uses free zone. Tangible fixed assets are stated at cost less accumulated depreciation and impairment loss. Such costs include replacing part of fixed assets if the recognition criteria are met. Likewise, when a major inspection is performed its cost is recognized in the carrying amount of the fixed assets as a replacement if the recognition criteria are satisfied.

An item of fixed asset is derecognized on disposal or when no future economic benefits are expected from its use, and any gain or loss thereon is recognised in profit or loss.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS –
For the year ended 31st March, 2022

(All figures in AED)

Repairs and renewals are recognised in profit or loss when the expenditure is incurred.

Net realizable value is based on estimated selling price in the ordinary course of business, less any further costs expected to be incurred up to disposal.

(c) Stocks

Stocks are valued at the lower of cost and net realizable value, after making due allowance for any obsolete or slow moving items. Cost is determined by weighted average /first-in first-out/ specific identification method and comprises of invoice value and applicable direct expense.

The cost of finished goods and work-in-progress comprises of raw materials, other direct costs of purchase and related production overheads based on normal operating capacity.

Net realizable value is based on estimated selling price in the ordinary course of business, less any further cost expected to be incurred up to disposal.

(d) Employees' terminal benefits

Provision is made for end of service benefits (gratuity) payable to employees in accordance with UAE Labour Law and is based on current remuneration and cumulative period of service at the reporting date, subject to completion of a minimum service year. Provision is stated net of advance payments made against such entitlements.

UAE national employees participate in the UAE Government pension fund to which the employee and the Company contribute a specified percentage of salary. Contributions to pension fund are recognised in the statement of income the year in which they fall due.

UAE national employees participate in the UAE Government pension fund to which the employee and the Company contribute a specified percentage of salary. Contributions to pension fund are recognised in the statement of income the year in which they fall due.

(e) Provisions

Provisions are recognised when the Group has present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

Warranty-This provision is calculated based on past history of the level of repairs and replacements for products under warranty at the reporting date.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS –
For the year ended 31st March, 2022

(All figures in AED)

Employee leaves and passage Entitlement-Provision is made for the estimated liability for annual leave and passage as a result of services rendered by the employees up to the reporting date.

(f) Legal reserve

UAE Commercial Companies Law 1984 as amended requires that 10% of the profit for the year be transferred to legal reserve. Such transfer may be discontinued if the legal reserve equals 50% of the paid-up capital. The legal reserve is not available for distribution to partners.

(g) Financial instruments

Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets, financial liabilities and equity instruments are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial asset or financial liability is recognised initially at fair value plus, in case of a financial asset or financial liability not at fair value through profit or loss, transaction costs directly attributable to the acquisition of financial asset or issue of financial liability.

Financial assets and financial liabilities are offset, and the net amount presented in the statement of financial position only when the Group has a legal right to offset the amounts and intends to settle either on a basis or realize the asset and settle the liability simultaneously.

The Group derecognizes financial assets when the contractual rights to receive cash flows expire or when substantially all the risk and rewards of ownership have been transferred to another entity.

RENUKA ENERGY RESOURCE HOLDINGS (FZE)

Sharjah Airport International Free Zone, Sharjah - United Arab Emirates

NOTES FORMING PART OF THE FINANCIAL STATEMENTS –

For the year ended 31st March, 2022

(All figures in AED)

The Group derecognizes financial liabilities when the obligations are discharged, cancelled or they expire.

Financial assets classification

Financial assets comprise of four of four categories viz.

- (i) Financial assets at fair value through profit or loss
- (ii) Held-to-maturity investments
- (iii) Loans and receivables and
- (iv) Available –for –sale financial assets

Classification depends on the nature and purpose of the financial asset and its determined at the time of initial recognition.

Items (i), (ii) and (iv) are not applicable to the Group.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost less any impairment. These are included in current assets, except for maturities greater than 12 months after the end of the reporting period which are classified as non-current assets.

-Trade receivables, advances and other receivables – On impairment, provision for doubtful debts is deducted from the receivables. If the receivable is uncollectible, it is written off. Provision for impairment and reversals thereof are recognised in profit or loss.

-Cash and cash equivalents comprise of cash on hand, bank balances and short-term liquid deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS –
For the year ended 31st March, 2022

(All figures in AED)

-Value Added Tax (VAT) payable/ receivable

Value added tax (VAT) payable/receivable represents net VAT amount payable to or receivable from the U.A.E Federal Tax Authority against the value added tax charged to the customers by the company on its sales and services and the value added tax charged by the suppliers to the company on its purchases and expenses as per the regulations of Federal Decree Law No. 8 and Cabinet Decision No. 52 of 2017 of United Arab Emirates.

Expenses and assets are recognized net of the amount of VAT excepts:

When the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority in which case the VAT is recognised as part of the cost of acquisition of the asset or as part of the expenses item, as applicable; and or When receivable and payable amounts are stated with the amount of VAT included.

The net amount of VAT recoverable from the taxation authority is included as part of receivables in the statement of financial position.

Financial liabilities classification

Financial liabilities comprise of two categories viz.

- (i) Financial liabilities at fair value through profit or loss
- (ii) Other financial liabilities

Item (i) is not applicable to Group.

Other financial liabilities are measured at amortised cost. These are included in current liabilities for maturities greater than 12 months after the end of the reporting period.

which are classified as non-current liabilities, and include trade and other payables, term loan.

Equity

Share Capital is classified as equity since it evidences residual interest of the partners after deducting liabilities. Profit distributed is deducted from equity.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS –
For the year ended 31st March, 2022

(All figures in AED)

(h) Impairment

Non-financial assets

The carrying amount of the Group's non-financial assets (such as tangible fixed assets, capital work-in-progress, investment properties, goodwill and intangible assets) are reviewed at each reporting date to determine whether there is any indication of impairment. If any indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment loss is recognised in profit or loss.

Financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events (such as significant financial difficulty, delay or default in payment, bankruptcy and other observable data indicators) on the part of the counterparty have adversely impacted on the estimated future cash flows of that financial assets. An impairment loss is recognised in profit or loss. An impairment loss is reversed and recognised in profit or loss if the reversal can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

Impairment loss, if reflected in an allowance account as in case of loans and receivables, is written off if there is no realistic prospect of recovery. If a write off is recovered in future, the recovery is recognised in profit or loss.

(i) Revenue recognition

Revenue represents consideration receivable by the Group for sale of goods in the ordinary course of business and is stated net of returns and trade discount. The Group recognizes revenue when it can be reliably measured; it is probable that future economic benefits will flow to the Group and when specific criteria have been met for activities described below.

Revenue from sale of goods is recognised in the period in which goods are rendered. Substantial portion of the sales transaction are on cash basis.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS –
For the year ended 31st March, 2022

(All figures in AED)

(j) Foreign currency transactions

Foreign currency transactions are recorded in AED at the approximate rate of exchange prevailing at the time of the transactions. Foreign currency balances of monetary assets and liabilities are translated to AED at the rate of exchange prevailing at the date of the reporting date. Gain or losses on exchange are recognised in profit or loss.

3 Critical accounting judgments and key sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the carrying amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are made on historical experience and other factors that are considered to be relevant and reasonable under the circumstances.

Estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Judgments made by the management in the application of accounting policies that have the most significant effect on the amounts recognised in the financial statements and estimates that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Tangible fixed assets

Tangible fixed assets are depreciated over the estimated useful life which is periodically reviewed to ensure that the method and the period of depreciation are consistent with the expected pattern of economic benefit. Management has not considered any residual value of the assets since it is not material.

Allowance for doubtful debts on trade and other receivables

Management undertakes a periodic review of amount recoverable from trade and other receivables, and determines recoverability based on various factors such as, ageing of receivables, payment history, and collateral available and other knowledge about the receivables. Management makes provision for doubtful debts based on its best estimates at the reporting date.

RENUKA ENERGY RESOURCE HOLDINGS (FZE)

Sharjah Airport International Free Zone, Sharjah - United Arab Emirates

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

(In Arab Emirates Dirham)

	2022	2021
4 <u>Accounts receivable</u>		
Accounts receivable +	33,077,936	35,405,136
	33,077,936	35,405,136
<u>Ageing of accounts receivable</u>		
Due between 0-6 Months	4,574,967	5,979,513
Due between 7-12 Months	-	-
Due between 1-2 Years	5,203,200	5,203,200
Due Between 2-3 Years	3,738,971	4,822,493
Due Beyond 3 years	19,560,798	19,399,930
	33,077,936	35,405,136
5 <u>Prepayment,Deposits and other receivables</u>		
Deposit (refundable)	13,550	13,550
Prepaid Expenses	11,660	-
Margin Deposits	-	5,872,000
Other receivables	18,743,014	13,469,149
	18,768,224	19,354,699
6 <u>Cash & bank balances</u>		
Cash at bank - current account	3,071,034	2,613,911
	3,071,034	2,613,911

Note: Total Bank Balance includes UBI Balance of AED 2,373,335.Out of this balance AED 2,202,000 is Marked as lien towards Facility Margin.

7 Related Party Transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operational decisions.

For the Year ended 31st March, 2022 following are the details of related party transactions:

7.1 Due to related parties	19,823,845	18,180,826
	19,823,845	18,180,826
Ravindra Energy Limited	19,823,845	18,180,826
	19,823,845	18,180,826

All the related party transactions represents transfer of resources at book value to / from other companies to facilitate day to day business operations of the companies.

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

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	2022	2021
8 Short term borrowings		
Trust Receipt	-	19,377,577
Invoice Finance	10,276,000	8,698,221
	10,276,000	28,075,798
9 Accounts Payable		
Accounts Payable	11,713,888	-
	11,713,888	-
<u>Ageing of accounts Payable</u>		
Less than 1 Year	11,713,888	-
	11,713,888	-
10 Other payables		
Advance from customers	8,497,930	2,203,081
Accrued expenses	18,148	3,739
	8,516,078	2,206,820
11 Sales		
Sales	137,685,089	82,066,326
	137,685,089	82,066,326
12 Cost of sales		
Purchase and direct expenses	143,838,692	82,494,404
	143,838,692	82,494,404
13 Administrative, general & selling expenses		
Legal, professional and visa charges	363,492	252,111
Business Promotion expenses	13,873	-
Rent	26,340	39,900
Travelling and conveyance expenses	13,850	14,166
Communication and utilities expenses	8,603	10,945
Other expenses	2,236,135	4,783
	2,662,293	321,905
14 Financial expenses		
Bank charges	240,222	282,895
On borrowings	2,602,179	4,463,275
	2,842,401	4,746,170
15 Other income		
Interest income	1,822,467	2,697,654
Miscellaneous Income	5,689,367	4,070,799
	7,511,834	6,768,453

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

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16 Financial instruments-risk management

The FZE activities are subject to variety of financial risks: market risk (principally current risks), credit risk and liquidity risk. The FZE seeks to minimize the potential adverse effects of these risks on the financial performance.

(A) Market risk

Current risks

Substantial portion of the transactions are designated in AED or in USD/GCC to which AED is fixed; hence, there is no material exchange rate risk.

Interest rate risks

Interest is paid on bank borrowings at interest rates between 4.40% to 5.50% p.a plus 3 to 6 months libor.

(B) Credit risk

Financial assets which potentially subject the FZE to concentration of credit risk consist principally of cash and bank balances, trade receivables, advances and other receivables, and refundable deposits. Bank balances are with regulated financial institutions.

The FZE sells its products to a large number of customers. At the reporting date, geographical distribution of trade receivables balances was as follows:

	<u>2022</u>	<u>2021</u>
UAE	100%	100%

Substantial portion of the FZE sales is to customers on open account on unsecured basis. Individual credit limits are based on the management's knowledge and past historical dealings with the customer.

(C) Liquidity risks

Liquidity management implies generating adequate cash from operations to meet the FZE liabilities, and availability of funding through committed credit facilities and own sources. The table below analyses the FZE's financial liabilities based on the remaining period at the reporting date to the contracted maturity date. The amount disclosed in the table are contractual undiscounted cash flows.

At 31st March, 2022	<u><6 months</u>	<u>>6 months and <1 year</u>	<u>>1 year and <5 year</u>	<u>>5 years</u>
Accounts payable	11,713,888	-	-	-
Other payable	8,516,078			
Short term borrowings	-	10,276,000	-	-
At 31st March, 2021	<u><6 months</u>	<u>>6 months and <1 year</u>	<u>>1 year and <5 year</u>	<u>>5 years</u>
Accounts payable	-	-	-	-
Other payable	2,206,820			
Short term borrowings	-	28,075,798		

(D) Fair values

At the reporting date, the carrying amounts of financial assets and financial liabilities approximated their fair values.

RENUKA ENERGY RESOURCE HOLDINGS (FZE)

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

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17 Capital risk management

The FZE's objective is to maintain healthy capital ratios to support its business and provide adequate returns to the owners and other stakeholders.

The FZE monitors capital on the basis of gearing ratio. This is calculated as Net debt / Total own funds. Net debt is calculated as all liabilities less cash and bank balances. Total own funds comprise of capital, reserves and retained profit, and owner's current accounts.

The FZE's strategy is to maintain gearing ratio of 100% or lower. Gearing ratio at the reporting date was as under:

	2022	2021
Total liabilities	50,329,811	48,463,444
Less: cash and bank balances	(3,071,034)	(2,613,911)
Net debt	47,258,777	45,849,533
Total own funds	4,587,383	8,910,302
Gearing ratio	1030%	515%

18 Comparative's figures

Previous Year figures have been reclassified / regrouped wherever necessary to conform to the presentation adopted in these financial statements. Figures of the FZE have been rounded off to the nearest AED 1/-.

The attached notes 10 to 22 from part of these financial statements

For Independent Auditors' Report, see page 3 to 5

The financial statements were approved on 17th May, 2022 and signed on behalf of the Entity, by:


Authorized Signatory
