MEL POWER SYSTEMS FZC

SAIF ZONE, SHARJAH - U.A.E

P.O BOX : 122041

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2022

AND INDEPENDENT AUDITORS' REPORT

MEL POWER SYSTEMS FZC

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SAIF ZONE, SHARJAH - U.A.E

DIRECTORS' REPORT

The Board has the pleasure in presenting the report and the audited financial statements of **M/s. MEL POWER SYSTEMS FZC** for the year ended March 31, 2022.

PRINCIPAL ACTIVITIES:

The principal activity of the company is Import/Export & Distribution of Marine Equipment & Related Spare Parts.
There was no significant change in the nature of activities of the Entity during the financial year.

ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the financial statements are given in pages 8 to 16.

FINANCIAL ANALYSIS

The table below summarizes the results of 31st March 2022 and 31st March 2021.

	31-Mar-22	31-Mar-21
Summarized Income Statement	AED	AED
Revenue	6,559,179	13,382,942
Less: Cost of revenue	(4,760,865)	(9,670,749)
Gross profit	**1,798,314**	**3,712,193**
Other income	131	-
Total	**1,798,445**	**3,712,193**
Less: General and administrative expenses	(1,281,470)	(537,547)
Less: Finance expenses	(199,858)	(295,450)
Net profit for the year	**317,117**	**2,879,196**
Gross profit %	27%	28%
Net profit %	5%	22%
Summarized Balance Sheet		
Non current assets	4,002,483	4,002,483
Current assets	18,873,530	18,299,168
Less:		
Non current liabilities	(45,696)	(38,078)
Current liabilities	(6,924,371)	(6,674,744)
Total	**15,905,946**	**15,588,829**
Equity		
Share capital	150,000	150,000
Retained earnings	15,755,946	15,438,829
Total	**15,905,946**	**15,588,829**

DIRECTORS' REPORT (CONTD.)

EVENTS AFTER THE REPORTING PERIOD

In the opinion of the Borad no transaction or event of a material and unusual nature, favourable or unfavourable has arisen in the interval between the end of the financial year and the date of this report, that is likely to affect, substantially the result of the operations or the financial position of the Entity.

GOING CONCERN

The financial statements have been prepared on a going concern basis which assumed that the Entity will continue to operate as a going concern for the foreseeable future. The Board gives hope and expectations that the Entity has a glorious future ahead of them to continue in operational existence for the foreseeable future.

DIRECTORATE

The current Directorate of the Entity is set out below:

Mr.Vinay Krishna Uchil

M/s.Marine Electricals (India) Private Limited

MANAGING DIRECTOR

Mr.Vinay Krishna Uchil, the manager of the **M/s MEL Power Systems FZC**, looks after the day to day affairs of the Company.

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The Company Law requires the Manager to prepare the financial statements for each financial year which gives a true and fair view of the state of affairs of the Entity and of the net profit or loss for the year.

The Manager is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time, the financial position of the Entity and to enable them to ensure that the financial statements comply with relevant Governing Laws.

AUDITORS

M/s Youssry & Co.Auditing & Consultancy - United Arab Emirates were the external auditors of the Entity for the year ending 31st March 2022 and the Board propose their re-appointment for the next year.

On behalf of the Board of Directors

Mr.Vinay Krishna Uchil

Managing Director

SHARJAH - UNITED ARAB EMIRATES

INDEPENDENT AUDITOR'S REPORT

THE SHAREHOLDERS
MEL POWER SYSTEMS FZC
P.O BOX : 122041
SAIF ZONE, SHARJAH - U.A.E

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **M/s MEL POWER SYSTEMS FZC**, which comprises the statement of financial position as at 31st March 2022 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the other ethical requirements that are relevant to our audit of the Entity's financial statements in the 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.

Other Information

The Management and Directors are responsible for the other information. The other information comprises management report which we obtained prior to the date of this auditors' report. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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INDEPENDENT AUDITOR'S REPORT (continued)

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and their preparation in compliance with the applicable provisions of the Sharjah International Airport Free Zone, Sharjah, United Arab Emirates, and for such internal control as management determines 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Directors are responsible for overseeing the Entity'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 ISA's, 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 risk, 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, 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 internal control.

• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

• Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidenced obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity'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 disclosure 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 Entity 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 represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the management 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.

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INDEPENDENT AUDITOR'S REPORT (continued)

Report on Other Legal and Regulatory Requirements

We also confirm that in our opinion :

i) we have obtained all the information and explanations which we considered necessary for our audit;

ii) the financial statements have been prepared and comply, in all material respects, with the applicable provisions of the Sharjah International Airport Free Zone, Sharjah, United Arab Emirates;

iii) the Entity has maintained proper books of account;

iv) the financial information included in the Directors' report is consistent with the books of account of the Entity;

v) there is no investment in shares or stocks during the financial year ended 31st March 2022

vi) note 8 to the financial statements discloses material related party transactions and the terms under which they were conducted;

vii) based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Entity has contravened during the financial year any of the applicable provisions of the Sharjah International Airport Free Zone, Sharjah, United Arab Emirates or of its Articles of Association which would materially effect its activities or the financial position of the Entity and

viii) there is no social contributions made during the year.

Youssry Adel

Economic Reg. No. 495

Thursday, 26 May, 2022

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MEL POWER SYSTEMS FZC

P.O BOX : 122041

SAIF ZONE, SHARJAH - U.A.E

STATEMENT OF FINANCIAL POSITION AS AT 31ST MARCH 2022

	Notes	31-Mar-22 AED	31-Mar-21 AED
ASSETS			
NON CURRENT ASSETS			
Investments	5	4,002,483	4,002,483
Total non current assets		**4,002,483**	**4,002,483**
CURRENT ASSETS			
Inventories	6	3,258,951	2,286,550
Trade and other receivables	7	6,186,321	6,455,489
Due from related parties	8 - a	9,357,670	9,145,783
Cash and bank balances	9	70,588	411,346
Total current assets		**18,873,530**	**18,299,168**
TOTAL ASSETS		**22,876,013**	**22,301,651**
EQUITY & LIABILITIES			
EQUITY			
Share capital	10	150,000	150,000
Retained earnings		15,755,946	15,438,829
Total equity		**15,905,946**	**15,588,829**
LIABILITIES			
NON CURRENT LIABILITIES			
Provision for end of service benefits	11	45,696	38,078
Total non current liabilities		**45,696**	**38,078**
CURRENT LIABILITIES			
Borrowings	12	3,190,389	4,877,084
Due to related parties	8 - b	1,079,491	555,147
Trade and other payables	13	2,654,491	1,242,513
Total current liabilities		**6,924,371**	**6,674,744**
Total liabilities		**6,970,067**	**6,712,822**
TOTAL EQUITY & LIABILITIES		**22,876,013**	**22,301,651**

(Notes on pages 8 to 22 form an integral part of these financial statements)

We approve these Financial Statements and confirm that we are responsible for them, including selecting the accounting policies and making the judgment underlying them. We also confirm that we have made available all relevant accounting records and information for their compilation.

For MEL Power Systems FZC

Managing Director

MEL POWER SYSTEMS FZC

P.O BOX : 122041

SAIF ZONE, SHARJAH - U.A.E

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST MARCH 2022

	Notes	31-Mar-22 AED	31-Mar-21 AED
Revenue	14	6,559,179	13,382,942
Less: Cost of revenue	15	(4,760,865)	(9,670,749)
Gross profit		**1,798,314**	**3,712,193**
Other income	16	131	-
		1,798,445	**3,712,193**
Less:			
General and administrative expenses	17	1,281,470	535,883
Depreciation on fixed assets		-	1,664
Finance charges	18	199,858	295,450
Total expenses		**1,481,328**	**832,997**
Net profit for the year		317,117	2,879,196
Other comprehensive income/(expenses)		-	-
Total comprehensive income for the year		**317,117**	**2,879,196**

(Notes on pages 8 to 22 form an integral part of these financial statements)

MEL POWER SYSTEMS FZC

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SAIF ZONE, SHARJAH - U.A.E

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2022

	Share Capital	Retained Earnings	Total
	AED	AED	AED
Balance as at 31 March 2020	**150,000**	**12,559,633**	**12,709,633**
Total comprehensive income/(expense) for the year	-	2,879,196	2,879,196
Balance as at 31 March 2021	**150,000**	**15,438,829**	**15,588,829**
Total comprehensive income/(expense) for the year	-	317,117	**317,117**
Balance as at 31 March 2022	**150,000**	**15,755,946**	**15,905,946**

(Notes on pages 8 to 22 form an integral part of these financial statements)

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SAIF ZONE, SHARJAH - U.A.E

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31ST MARCH 2022

		31-Mar-22	31-Mar-21
	Notes	AED	AED
Cash flow from operating activities			
Operating profit/(Loss) for the year		317,117	2,879,196
Adjustments for:			
Depreciation of fixed assets		-	1,664
Operating cash flows before working capital changes		**317,117**	**2,880,860**
Working capital changes			
Inventories	6	(972,401)	(193,515)
Trade and other receivables	7	269,168	(54,684)
Due from related parties	8 - a	(211,887)	(748,626)
Trade and other payables	13	1,411,978	(337,369)
Due to related parties	8 - b	524,344	366,116
Cash generated from operating activities		**1,338,319**	**1,912,782**
End of service benefits paid		7,618	10,878
Net cash flows from operating activities		**1,345,937**	**1,923,660**
Cash flows from investing activities			
Investments		-	680,000
Net cash flows from investing activities		**-**	**680,000**
Cash flows from financing activities			
Bank borrowings	12	(1,686,695)	(2,576,251)
Net cash flows from financing activities		**(1,686,695)**	**(2,576,251)**
Net increase in cash and cash equivalents		**(340,758)**	**27,409**
Opening cash and cash equivalents		411,346	383,937
Closing cash and cash equivalents		**70,588**	**411,346**

(Notes on pages 8 to 22 form an integral part of these financial statements)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

1 CORPORATE INFORMATION

1.1 - General

MEL Power Systems FZC is a Free Zone Company registered with Sharjah Airport International Free Zone under the Commercial License No.08664 and Industrial License No.17408 issued on 26/10/2010. The Registered Address of the Company is PO Box 122041, SAIF Zone, Sharjah, UAE.

1.2 - Principal activities

The principal activity of the company is Import/Export & Distribution of Marine Equipment & Related Spare Parts.

2 BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of Sharjah Airport International Free Zone Authority.

2.2 Basis of measurement

The financial statements have been prepared under the historical cost convention unless otherwise indicated.

2.3 Functional and presentation currency

These financial statements are presented in United Arab Emirates Dirham (AED), the Entity's functional and presentation currency and are rounded to the nearest value.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that effect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods effected.

Significant areas where considerable management judgment is required are disclosed along with accounting policies.

2.5 Going concern

The financial statements are prepared on a going concern basis which assumed that the Entity will continue to operate as a going concern for the foreseeable future.

2.6 Comparative information

* The accounting policies and estimates adopted are consistent with those used in previous financial years.

* Certain comparative figures are regrouped and rearranged wherever necessary to conform to the presentation adopted in these financial statements. Such reclassification do not affect previously reported net income or shareholders' equity.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Changes in accounting policies

The accounting policies applied in the preparation of these financial statements are consistent with those applied by the Entity in its annual audited financial statements as at and for the year ended 31 December 2020 , except to the extent of impact of the 'New and revised IFRSs adopted on these financial statements' from 01 January 2021 , as set out in Note 4.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTD...)

3.2 Foreign currencies

The financial statements are presented in United Arab Emirates Dirham (AED), which is the Entity's functional and presentation currency. Transactions in foreign currencies are recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denomination in foreign currencies are converted at the rate of exchange ruling at the date of financial position. The resultant foreign exchange gains and losses are recognized in the statement of profit or loss.

3.3 Property, plant and equipment

(a) Cost and valuation

Property, plant & equipment are stated at cost less accumulated depreciation and impairment, if any. Cost includes expenditure that is directly attributable to the acquisition or construction. Where items of property, plant and equipment are subsequently revalued such revalued property, plant and equipment are carried at revalued amounts less any subsequent depreciation thereon and impairment.

(b) Subsequent costs

Subsequent cost are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Entity and the cost can be reliably measured.

Cost of repairs and maintenance are charged to the statement of profit or loss during the period in which they are incurred.

(c) Depreciation

Depreciation on property, plant & equipment is provided on a straight line basis at the rates calculated to write off the cost of each asset by equal annual instalments over its expected useful life.

Management reviews the residual values and estimated useful lives at the end of each annual reporting period in accordance with IAS 16. Management determined that current year expectations do not differ from previous estimates based on its review.

(d) Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognising of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss in the year the asset is derecognised.

3.4 Intangible assets

Intangible assets are recognised if it is probable that the future economic benefits that are attributable to the assets will flow to the Entity and the cost of the assets can be measured reliably. Accordingly, these assets are stated in the statement of financial position at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation is charged on straight line basis over their estimated useful lives. The amortisation period and the amortisation method is reviewed at the end of each reporting period, with effect of any change in estimate being accounted for on a prospective basis.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTD...)

3.5 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined on the first-in-first-out basis. The cost of inventory comprises the cost of purchase and other costs incurred in bringing the inventory to its present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

3.6 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which these are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

3.7 Financial instruments

Financial assets and financial liabilities are recognised in the Entity's statement of financial position when the Entity becomes a party to the contractual provisions of the instrument.

3.8 Financial assets

Initial measurement

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of the financial assets, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss.

Subsequent classification and measurement

For the purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

• Financial assets at amortised cost

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or

• Financial assets at fair value through OCI (debt instruments)

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTD...)

• Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Entity can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by instrument basis.

• Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

Impairment of financial assets

The Entity has financial assets under "trade and other receivables" that are subject to the expected credit loss model under IFRS 9. The Entity has applied the simplified approach to measuring the expected credit losses which uses lifetime expected losses allowance for all trade receivables and financial investments, if any. To measure the expected credit losses, trade receivables have been grouped based on similar credit risk characteristics and days past due. The revised impairment methodology has not resulted in additional credit loss in trade receivables.

Derecognition of financial assets

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

- The rights to receive cash flows from the asset have expired;
- The Entity 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;
- The Entity has transferred its rights to receive cash flows from the asset and either:
  - has transferred substantially all the risks and rewards of the asset, or
  - has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Entity has transferred its right to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it 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 Entity's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Entity could be required to repay.

3.9 Financial liabilities

Initial measurement

Financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial liabilities (other than financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTD...)

Subsequent classification and measurement

For the purposes of subsequent measurement, financial liabilities are classified in two categories at the time of initial recognition:

- Financial liabilities at amortised cost
- Financial liabilities at fair value through profit or loss

• Financial liabilities at amortised cost

The Entity's financial liabilities at amortised cost pertains to trade and other payables and due to related parties and borrowings

Financial liabilities at amortised cost are subsequently measured using the effective interest (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

• Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading, derivative financial liabilities, and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities fair value through profit or loss are subsequently measured at fair value. Gains and losses are recognised in profit or loss when the liabilities are derecognised.

Derecognition of financial liabilities

The Entity derecognises financial liabilities when, and only when, the Entity's obligations are discharged, cancelled or they expire. Where 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, then the difference in the respective carrying amounts is recognised in the profit or loss.

3.10 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

3.11 Fair value of financial instruments

Management considers that the fair values of the Entity's financial assets and liabilities are not materially different from their carrying values in the date of statement of financial position.

3.12 Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are stated at the amounts that they are estimated to realize net of provision for bad and doubtful receivables.

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method less provision for impairment.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTD...)

Allowance for doubtful debts

Allowance for doubtful debts is determined using a combinations of factors to ensure that the receivables are not overstated due to uncollectibility. The allowance for doubtful debts for all customers is based on a variety of factors including the overall quality and ageing of the receivables, continuing credit evaluation of the customer's financial conditions and collateral requirements from customers in certain circumstances. In addition, specific allowances for individual accounts are recorded when the Entity becomes aware of the customer's liability to meet its financial obligations.

3.13 Cash and cash equivalents

Cash and cash equivalents are defined as cash and bank balances that are readily convertible to known amounts of cash and which are subjected to an insignificant risk of changes in values.

3.14 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

3.15 Provisions

Provision are recognized when the business has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are not recognized for future operating losses.

3.16 Loans and borrowings

Loans and borrowings are initially recognized at the fair value of the consideration received less directly attribute transaction costs. After initial recognition, these are subsequently measured at amortized cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of profit or loss over the period of the borrowings using the effective interest method. Loans and borrowings are classified as current liabilities unless the Entity has an unconditional right to defer settlement of the liability for at least 12 months after the date of financial position.

3.17 Employee's end of service benefits

The Entity provides end of services benefits to its employees. The entitlement to those benefits is usually based upon the employees' length of services and the completion of a minimum services period. The expected costs of these benefits are accrued over the period of employment and in accordance with UAE Labour Law.

3.18 Shareholder's accounts

Shareholder's account has been classified as an equity instrument. In judging whether the account is a financial liability or an equity instrument, management has carefully considered the criteria in the Framework for the Preparation and Presentation of Financial Statements and IAS 32 Financial Instruments: Presentation. Management is satisfied that the shareholders account is appropriately classified as an equity instrument.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTD...)

3.19 Revenue recognition

Revenue from contracts with customers

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

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 each of those rights and obligations.

Step 2 Identify the performance obligations in the contract: A performance obligation in a contract is a promise to transfer a good or service to the customer.

Step 3 Determine the transaction price: Transaction price is the amount of consideration to which the Entity expects to be entitled in exchange for transferring the promised goods and 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 Entity will allocate the transaction price to each performance obligation in an amount that depicts the consideration to which the Entity expects to be entitled in exchange for satisfying each performance obligation.

Step 5 Recognise revenue as and when the Entity satisfies a performance obligation.

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

• The customer simultaneously receives and consumes the benefits provided by the Entity's performance as the Entity performs; or

• The Entity's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

• The Entity's performance does not create an asset with an alternative use to the Entity 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.

When the Entity 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 measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty. The Entity assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent.

Revenue is recognised in the statement of profit or loss to the extent that it is probable that the economic benefits will flow to the Entity and the revenue and costs, if applicable, can be measured reliably.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTD...)

3.20 Expenditure recognition

Expenses are recognised in the statement of profit or loss on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to the statement of profit or loss. For the purpose of presentation of the statement of profit or loss, the "function of expenses" method has been adopted, on the basis that it presents fairly the elements of the Entity's performance.

3.21 Leases

The Entity as a lessee

The Entity assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Entity applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Entity recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Entity recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Entity by the end of the lease term or the cost of the right-of-use asset reflects that the Entity will exercise a purchase option.

The Entity has presented right-of-use assets that do not meet the definition of investment property within 'property, plant and equipment'.

ii) Lease liabilities

At the commencement date of the lease, the Entity recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Entity and payments of penalties for terminating the lease, if the lease term reflects the Entity exercising the option to terminate.

In calculating the present value of lease payments, the Entity uses the interest rate implicit in the lease or, if that rate cannot be readily determined, the Entity's incremental borrowing rate. Generally, the Entity uses its incremental borrowing rate as the discount rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Entity has presented it's lease liabilities within 'loans and borrowings'.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTD...)

iii) Short-term leases and leases of low-value assets

The Entity applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

4 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

4.1 New and revised IFRSs adopted on these financial statements

The following new and revised IFRSs have been adopted in these financial statements. The application of these new and revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may effect the accounting for future transactions or arrangements.

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 *Interest Rate Benchmark Reform - Phase 2*
- Amendments to IFRS 16 *Covid-19-Related Rent Concessions beyond 30 June 2021*

4.2 New and revised IFRSs in issue but not yet effective

The Entity has not early applied the following new standards, amendments and interpretations that have been issued but not yet effective:

New and revised IFRSs	Effective for annual periods beginning on or after
♦ IFRS 17 *Insurance Contracts & Amendments to IFRS 17*	1 January 2023
♦ Amendments to IAS 1 *Classification of Liabilities as Current or Non-Current*	1 January 2023
♦ Amendments to IFRS 3 *Reference to the Conceptual Framework*	1 January 2022
♦ Amendments to IAS 16 *Property, Plant and Equipment — Proceeds before Intended Use*	1 January 2022
♦ Amendments to IAS 37 *Onerous Contracts — Cost of Fulfilling a Contract*	1 January 2022
♦ Annual Improvements to IFRS Standards 2018–2020	1 January 2022
♦ Amendments to IAS 1 and IFRS Practice Statement 2 *Disclosure of Accounting Policies*	1 January 2023
♦ Amendments to IAS 8 *Definition of Accounting Estimates*	1 January 2023
♦ Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	1 January 2023

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

5 INVESTMENT

	31-Mar-22	31-Mar-21
	AED	AED
Investment in Subsidiary	4,002,483	4,002,483
	4,002,483	**4,002,483**

The above investments represent 75% holding in STI Srl (Italy).

The fair value of the investments are estimated at the cost as the shares are unquoted in the market and there is no other appropriate measurement of fair value.

In the opinion of the management there is no impairment to the value of Investment as at 31st March, 2022

6 INVENTORIES

	31-Mar-22	31-Mar-21
	AED	AED
Inventories	**3,258,951**	**2,286,550**

Inventories are stated at the lower of cost or net realizable value. Cost comprises direct materials and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realizable value represents the estimated selling price less all estimated costs to be incurred in marketing, selling and distribution. Inventory is physically verified, valued and as certified by the management.

7 TRADE & OTHER RECEIVABLES

	31/Mar/22	31-Mar-21
	AED	AED
Trade receivable	5,948,720	6,216,139
Refundable deposits	44,225	49,825
Prepaid expenses	62,704	63,034
Advance to suppliers	112,930	126,491
Tax refundable	17,742	-
	6,186,321	**6,455,489**

Ageing of trade receivables

	31/Mar/22	31-Mar-21
	AED	AED
0-60 days	275,597	310,807
Above 61 days	5,673,123	5,905,332
	5,948,720	**6,216,139**

8 RELATED PARTY TRANSANCTIONS

8.1 Identity of related parties

Related parties represent associated companies, shareholders, directors, and key management personnel of the Company and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management.

8.2 Balances

Balances with related parties at the reporting date are as shown below:

8 - a DUE FROM RELATED PARTIES	31/Mar/22	31-Mar-21
	AED	AED
KDU Marine Equipment Trading and Maintenance LLC	6,579,119	5,874,208
KDU World Wide Technical Services (FZC)	897,218	908,196
Marine Electricals (India) Limited	200,875	231,679
STI Srl	1,680,458	2,131,700
	9,357,670	**9,145,783**

The above companies are under common ownership and the balances represent net amount receivable from the advances given in the normal course of business.
The company has given advance of AED 1,680,458 to STISri (Italy) for their working capital requirements.

8 - b DUE TO RELATED PARTIES	31-Mar-22	31-Mar-21
	AED	AED
Marine Electricals (India) Limited	200,529	29,926
KDU Marine Equipment Trading and Maintenance LLC	169,513	54,648
KDU WorldWide Services Nigeria Limited	172,873	75,444
STI Srl	66,060	20,951
Technology Ventures Middle East FZC-Cr	468,579	372,241

These amounts represent the net payable against the purchases made and interest free loans received in the normal course of business.

Advance from Director

Mr. Vinay Krishna Uchil	1,937	1,937
	1,079,491	**555,147**

The above amount represents advance given by the director to the Company which does not bear any interest and does not have any definite repayment schedule.

8 - c RELATED PARTY SALES		
KDU Marine Equipment Trading & Maintenance LLC	40,742	268,526
KDU Worldwide Technical Services FZC	-	788
Marine Electricals (India) Limited	557,718	616,073
	598,460	**885,387**

8 - d RELATED PARTY PURCHASES		
KDU Marine Equipment Trading & Mainteance LLC	117,931	219,877
KDU WorldWide Services Nigeria Limited	97,429	38,744
Marine Electricals (India) Limited	620,351	2,567,965
STI Sri (Italy)	45,109	-
Technology Ventures Middle East FZC	96,338	2,214,019
	977,158	**5,040,605**

9 CASH IN HAND AND AT BANKS

Cash and cash equivalents included in the statement of cash flows comprise the following balance sheet amounts:

	31/Mar/22	31-Mar-21
	AED	AED
Cash in hand	129	363
Cash at bank	70,459	410,983
	70,588	**411,346**

10 SHARE CAPITAL

The capital of the Entity is AED 150,000 (Dirhams One Hundred Fifty Thousand only), with limited liability, divided into 100 (One Hundred) shares, the value of each share being AED 1,500 (Dirhams One Thousand Five Hundered Only)

The capital of the Entity is contributed by the shareholders are as follows:

Name of Shareholders	%	No. of Shares	Value
Marine Electricals (India) Private Limited	90%	90	135,000
Mr.Vinay Krishna Uchil	10%	10	15,000
TOTAL		100	150000

11 PROVISION FOR EMPLOYEES' END OF SERVICE BENEFITS

	31-Mar-22	31-Mar-21
	AED	AED
Balance at the beginning of the year	38,078	27,200
Charged during the year	7,618	10,878
	45,696	**38,078**

12 BANK BORROWINGS

	31-Mar-22	31-Mar-21
Current	AED	AED
Term loan	3,190,389	4,877,084
	3,190,389	**4,877,084**

12 BANK BORROWINGS (contd)

Bank Borrowings are secured by:

i) SBLC from Axis Bank Ltd, India with tenure 15 days more than WC tenure.

ii) Mortage over immovable property comprising of Land and Building at Plot No. 51,52,59 and 60, Phase IV, Verna Electronic city, Salcete, Goa, India ("property") 403722 owned by Marine Electricals (i) Pvt Ltd.

iii) Hypothecation of stock and assignment of receivables of the borrower on a pari passu basis.

iv) Undated cheques equivalent to the facility amount and 6 month interest to be provided as payment instruments signed by the promoter (Mr.Vinay Uchil).

v) Corporate guarantee of the parent upto 110.0% of the facility amount (in USD) valid till months from the date of corporate guarantee, CG to be extended/renewed if Limits from Axis banks are not outstanding.

vi) Personal guarantee of the promoters to the extent of 110% of the facility amount (in USD) valid till months from the date of corporate guarantee (including filing of form ODI and obtaining statutory auditor's certificate) within 30 days from the date of limit setup.

We have listed above a few major points in addition to various conditions agreed as per the Credit Arrangement Letter issued by the Bank.

13 TRADE AND OTHER PAYABLES	**31-Mar-22**	**31-Mar-21**
	AED	AED
Trade creditors	2,079,539	885,324
Accrued expenses	48,545	21,793
Advance from customers	487,161	179,087
PDC payable	39,246	49,056
Tax due	-	107,253
	2,654,491	**1,242,513**

14 REVENUE	**31-Mar-22**	**31-Mar-21**
	AED	AED
Sales	**6,559,179**	**13,382,942**

15 COST OF REVENUE	**31-Mar-22**	**31-Mar-21**
	AED	AED
Opening stock	2,286,550	2,093,035
Purchases	5,358,037	9,268,442
Less: Closing stock	(3,258,951)	(2,286,550)
Direct expense	375,229	595,822
	4,760,865	**9,670,749**

16 OTHER INCOME	**31-Mar-22**	**31-Mar-21**
	AED	AED
Other Income	**131**	**-**

17 GENERAL & ADMINISTRATIVE EXPENSES

	31-Mar-22	31-Mar-21
	AED	AED
Staff salaries & allowances	301,409	200,608
Directors remuneration	525,000	-
Rent	63,817	54,126
Legal & professional charges	254,565	127,378
Sales promotion	62,455	77,070
Travelling Expenses	1,800	-
Office expenses	6,347	14,249
Insurance	24,875	23,519
Vehicle expenses	6,040	14,144
Communication and utility charges	19,678	12,856
Visa expense	15,484	11,933
	1,281,470	**535,883**

18 FINANCE CHARGES

	31-Mar-22	31-Mar-21
	AED	AED
Bank charges	37,553	118,452
Interest	104,250	168,020
Foreign exchange loss	58,055	8,978
	199,858	**295,450**

19 FINANCIAL INSTRUMENTS

19.1 CAPITAL RISK MANAGEMENT

The Entity manages its capital on a basis that it will be able to continue as a going concern while maximising the return to the shareholders through the optimization of the equity balance.

19.2 CATEGORIES OF FINANCIAL INSTRUMENTS

	31-Mar-22	31-Mar-21
Financial Assets	AED	AED
Trade and other receivables	6,186,321	6,455,489
Cash in hand and at banks	70,588	411,346
Due from related parties	9,357,670	9,145,783
	15,614,579	**16,012,618**
Financial Liabilities		
Bank borrowings	3,190,389	4,877,084
Trade and other paybles	2,654,491	1,242,513
Due to related parties	1,079,491	555,147
	6,924,371	**6,674,744**

19 FINANCIAL INSTRUMENTS (contd.)

19.3 FINANCIAL RISK MANAGEMENT

The Entity is exposed to the following risks related to financial instruments. The Entity has not framed formal risk management policies, however, the risks are monitored by management on a continuous basis.

a) Credit Risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Entity, and arises principally from the Entity's trade and other receivables and bank balances.

The Entity has adopted a policy of only dealing with creditworthy counterparties, for whom the credit risk is assessed to be low. The Entity attempts to control credit risk by monitoring credit exposures, setting credit limits for non-related counterparties and monitoring outstanding receivables.

Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the central banks of the respective countries.

b) Liquidity Risk

Liquidity risk is the risk that the Entity will be unable to meet its funding requirements. The Entity limits its liquidity risk by ensuring adequate cash from operations and availability of bank facilities.

The table below summarises the maturities of the Entity's undiscounted financial liabilities as at 31 March 2022 and 31 March 2021 based on the contractual payment dates.

	Carrying value	Less than 1 year	More than 1 year
31-Mar-22	AED	AED	AED
Non-derivative financial liabilities			
Bank Borrowing	3,190,389	3,190,389	-
Trade and other paybles	2,654,491	2,654,491	-
Due to related parties	1,079,491	1,079,491	-
	6,924,371	**6,924,371**	-
31-Mar-21			
Non-derivative financial liabilities			
Bank Borrowing	4,877,084	4,877,084	-
Trade and other paybles	1,242,513	1,242,513	-
Due to related parties	555,147	555,147	-
	6,674,744	**6,674,744**	-

c) Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Entity is exposed to interest rate risk on it's interest bearing borrowings.

d) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign

The Entity is exposed to currency risk but the management believes that the credit loss due to the exchange fluctuations will not be material.

20 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by management and authorized for issue on

For MEL Power Systems FZC

Managing Director