

Energy II Limited
Financial statements
for the year ended March 31, 2022

ENERGY II LIMITED

BERMUDA

FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

INDEX

	<u>PAGES</u>
1 AUDITORS' REPORT	1-4
2 STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2022	5
3 STATEMENT OF COMPEREHENSIVE INCOME FOR THE YEAR ENDED MARCH 31, 2022	6
4 STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2022	7
5 STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2022	8
6 NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022	9 - 15

Independent Auditor's Report

To the shareholders of Energy II Limited, Bermuda

Report on the audit of financial statements

Opinion

We have audited the accompanying financial statements of Energy II Limited ("the Company"), which comprise the statement of financial position as at **March 31, 2022**, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year then ended, and notes to the financial statements and a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Energy II Limited, Bermuda as at **March 31, 2022** and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis of opinion

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

Emphasis of matter

1. We refer to note 1.1 of the accompanying financial statements wherein, the company does not have any income from operations of "Fleet operating and chartering earnings" since FY 2018-19. All these events together cast material uncertainty to continue the business as going concern.

However, the management is of the view that company has a positive net worth and management has plans to restart the operating activities in the near future. Based on this, the financial statements have been prepared by the management on a going concern basis.

Our opinion is not modified in respect of above matter.

Independent Auditor's Report

To the shareholders of Energy II Limited, Bermuda

Responsibilities of management and those charged with governance 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 in compliance with the applicable provisions of the Company's Memorandum and Articles of Association and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

Independent Auditor's Report

To the shareholders of Energy II Limited, Bermuda

- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d) 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.
- e) 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.
- f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance 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 those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditor's Report

To the shareholders of Energy II Limited, Bermuda

Report on other legal and regulatory requirements

Further, we report that:

- a) the Company has maintained proper books of account.
- b) we have obtained all the information and explanations we considered necessary for the purposes of our audit.
- c) the financial statements have been prepared and comply, in all material respects, with the International Financial Reporting Standards (IFRS)
- d) based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Company has contravened, during the financial year ended March 31, 2022, any of the applicable provisions of its Memorandum and Articles of Association which would materially affect its activities or its financial position as at March 31, 2022.

For and on behalf of
CNK Hussain Alsayegh
Chartered Accountants



Date: May 25, 2022

Place: Dubai, UAE

ENERGY II LIMITED
BERMUDA

STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2022
(Amount in US Dollars)

	Notes	As at March 31, 2022	As at March 31, 2021
ASSETS			
CURRENT ASSETS			
Accounts & other receivables		-	-
Cash & cash equivalents	4	89,605	58,922
Due from related parties	5	61,759,637	61,596,369
Deposits, prepayments & advances		-	-
TOTAL CURRENT ASSETS		61,849,242	61,655,291
TOTAL ASSETS		61,849,242	61,655,291
EQUITY & LIABILITIES			
SHAREHOLDERS' EQUITY			
Equity share capital		53,416,361	53,416,361
Reserves and surplus		811,421	581,236
Securities Premium		7,620,915	7,620,915
TOTAL SHAREHOLDERS' EQUITY		61,848,697	61,618,512
CURRENT LIABILITIES			
Due to related party	6	-	35,962
Provisions		545	817
TOTAL CURRENT LIABILITIES		545	36,779
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		61,849,242	61,655,291

The accompanying notes form an integral part of these financial statements.

The report of the auditors is set out on page 1 to 3

FOR
ENERGY II LIMITED


RANJIT SINGH
DIRECTOR


CAPT. RAHUL BAHRGAVA
DIRECTOR

ENERGY II LIMITED
BERMUDA

ENERGY II LIMITED
BERMUDA

STATEMENT OF COMPEREHENSIVE INCOME FOR THE YEAR ENDED MARCH 31, 2022
(Amount in US Dollars)

	Notes	2021-22	2020-21
REVENUE			
Fleet operating and chartering earnings		-	-
Less: Cost of revenue		-	-
GROSS PROFIT			
<hr/>			
Other Income	7	3,157,752	2,722,537
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		3,157,752	2,722,537
EXPENSES			
General and administrative expenses	8	19,067	34,086
Provision for Impairment of receivable	9	2,908,500	2,762,537
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TOTAL EXPENSES		2,927,567	2,796,623
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TOTAL PROFIT / (LOSS) FOR THE YEAR		230,185	(74,086)

The accompanying notes form an integral part of these financial statements.
The report of the auditors is set out on page 1 to 3

FOR
ENERGY II LIMITED

 
RANJIT SINGH CAPT. RAHUL BAHRGAVA
DIRECTOR DIRECTOR



ENERGY II LIMITED
BERMUDA

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2022
(Amount in US Dollars)

CASH FLOW FROM OPERATING ACTIVITIES	2021-22	2020-21
Net profit / (loss) for the year	230,185	(74,086)
Impairment of receivables	-	-
Finance cost- bank charges	262	164
Interest income from a related party	(2,726,787)	(2,722,537)
	(2,496,340)	(2,796,459)
Changes in working capital:		
Decrease / (increase) in Accounts and other receivables	2,726,787	2,792,610
Decrease / (increase) in Accounts and other payables	-	-
Increase / (decrease) in Loans	-	-
Increase / (decrease) in Provisions	(272)	(1,705)
Decrease / (increase) in Deposits, Prepayments and Advances	-	2,745
Increase / (decrease) in Due to Related Parties	(35,962)	35,962
Increase / (decrease) in Due from related parties	(163,268)	8,000
Net cash flow from/(used in) operating activities	30,945	41,153
CASH FLOW FROM INVESTING ACTIVITIES		
Interest income	-	-
Net cash flow (used in) investing activities	-	-
CASH FLOW FROM FINANCING ACTIVITIES		
Finance costs paid	262	164
Net cash flow (used in) financing activities	262	164
Net (decrease) in cash and cash equivalents	30,683	40,989
Cash and cash equivalents at beginning of the year	58,922	17,933
CASH & CASH EQUIVALENT AT THE END OF THE YEAR	89,605	58,922

The accompanying notes form an integral part of these financial statements.
The report of the auditors is set out on page 1 to 3

FOR
ENERGY II LIMITED



RANJIT SINGH **CAPT. RAHUL BAHRGAVA**
DIRECTOR **DIRECTOR**


ENERGY II LIMITED
BERMUDA


STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2022
(Amount in US Dollars)

Particulars	Equity share capital	Retained earnings	Securities Premium	Total
Balance as at April 1, 2020	53,416,361	655,322	7,620,915	61,692,598
Total comprehensive profit/ (Loss) for the year	-	(74,086)	-	(74,086)
Balance as at March 31, 2021	53,416,361	581,236	7,620,915	61,618,512
Balance as at April 1, 2021	53,416,361	581,236	7,620,915	61,618,512
Total comprehensive profit/ (Loss) for the year	-	230,185	-	230,185
Balance as at March 31, 2022	53,416,361	811,421	7,620,915	61,848,697

The accompanying notes form an integral part of these financial statements.
The report of the auditors is set out on page 1 to 3

FOR
ENERGY II LIMITED


RANJIT SINGH
DIRECTOR


CAPT. RAHUL BAHRGAVA
DIRECTOR

ENERGY II LIMITED
BERMUDA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Amount in US Dollars)

1 STATUS AND ACTIVITIES

Corporate information

Energy II Limited ("the Company" or "E II L") was incorporated on 13th September 2004, under Section 14 of the Bermuda Companies Act, 1981. The principal activities of the Company are ship owning, operating and chartering. The Company is in the business of providing crude oil, dry bulk transportation and crude oil transportation management services.

#	Shareholders	Nationality	No of Shares	Amount (USD)	%
1	Essar Shipping Limited, the immediate holding company	INDIAN	39,037,276	39,037,276	73
2	Essar Bulk Terminal Paradip Limited, an associate company	INDIAN	14,379,085	14,379,085	27
	Total		53,416,361	53,416,361	100

1.1 GOING CONCERN

The company company does not have any income from operations of "Fleet operating and chartering earnings" since FY 2018-19. All these events together cast material uncertainty to continue the business as going concern. However, the management is of the view that company has a positive net worth and management has plans to restart the operating activities in the future. Based on this, the financial statements have been prepared by the management on a going concern basis.

2 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (' IFRSs')

(a) New and revised IFRS updates

The following new and revised IFRS, which became effective for annual periods beginning on or after January 01, 2021. The application of these revised IFRSs, except where stated, have not had any material impact on the amounts reported for the current and prior years.

Phase 2 amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – interest rate benchmark (IBOR) reform

The Phase 2 amendments that were issued on 27 August 2020 address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one. For instruments to which the amortised cost measurement applies, the amendments require entities, as a practical expedient, to account for a change in the basis for determining the contractual cash flows as a result of IBOR reform by updating the effective interest rate using the guidance in paragraph B5.4.5 of IFRS 9. As a result, no immediate gain or loss is recognised. This practical expedient applies only to such a change and only to the extent it is necessary as a direct consequence of IBOR reform, and the new basis is economically equivalent to the previous basis. Insurers applying the temporary exemption from IFRS 9 are also required to apply the same practical expedient. IFRS 16 was also amended to require lessees to use a similar practical expedient when accounting for lease modifications that change the basis for determining future lease payments as a result of IBOR reform (for example, where lease payments are indexed to an IBOR rate).

Amendment to IFRS 16, 'Leases' – Covid-19 related rent concessions

As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 28 May 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.

(b) New and revised IFRS in issue but not yet effective and not early adopted

Narrow-scope amendments to IFRS 3, IAS 16, IAS 17 and some annual improvements on IFRS 9 and IFRS 16 (Effective date 1 January 2022)

Amendments to IFRS 3, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. Amendments to IAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss. Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making. Annual improvements make minor amendments to IFRS 9, 'Financial instruments', and the Illustrative Examples accompanying IFRS 16, 'Leases'.

Amendments to IAS 1, Presentation of financial statements' on classification of liabilities (Effective date 1 January 2023)

These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8 (Effective date 1 January 2023)

The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

New standards, amendments and interpretations not yet effective from January 1, 2021

New or revised pronouncement

Amendments to IAS 1- Presentation of Financial Statements (Effective from Annual reporting periods beginning on or after 1 January 2023)

Classification of Liabilities as Current or Non-Current

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

Amendments to IFRS 3- Business Combinations (Effective from Annual reporting periods beginning on or after 1 January 2022)

Reference to the Conceptual Framework

The amendments update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard.

Amendments to IAS 16- Property, Plant and Equipment (Effective from Annual reporting periods beginning on or after 1 January 2022)

Property, Plant and Equipment — Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Amount in US Dollars)

Amendments to IAS 37-Provisions, Contingent Liabilities and Contingent Assets (Effective from Annual reporting periods beginning on or after 1 January 2022)

Onerous Contracts — Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

Annual Improvements to IFRS Standards 2018–2020 makes amendments to the following standards:

New standards and significant amendments to standards applicable to the Company

Effective for periods beginning on or after

IFRS-1 Subsidiary as a first-time adopter. The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.

Annual periods beginning on or after January 1, 2022. Early application is permitted.

IFRS-9- Financial Instruments-

Fees in the '10 per cent' test for derecognition of financial liabilities. The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

Annual periods beginning on or after January 1, 2022. Early application is permitted.

IFRS 16 Leases

Lease incentives. The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

The amendment to IFRS 16 only regards an illustrative example, so no effective date is stated.

IAS 41- Agriculture

Taxation in fair value measurements. The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in IFRS 13.

Annual periods beginning on or after January 1, 2022. Early application is permitted.

The Company is currently assessing the impact of these standards, interpretations and amendments on the financial statements and intends to adopt these, if applicable, when they become effective.

There are no other applicable new standards and amendments to published standards or International Financial Reporting Standards Interpretations Committee (IFRS IC) interpretations that have been issued but are not effective for the first time for the Company's financial year beginning on January 01, 2021 that would be expected to have a material impact on the financial statements of the Company.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statement have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) that are relevant to the operations of the company.

**ENERGY II LIMITED
BERMUDA**

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Amount in US Dollars)**

3.2 ACCOUNTING CONVENTION

The financial statements have been prepared under the historical cost convention and under accrual system of accounting. The accounting policies have been consistently applied by the establishment during the period under review.

3.3 REVENUE RECOGNITION

The Company recognizes revenue from shipping services based on a five step model as set out in IFRS 15:

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

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

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

When the Company satisfies a performance obligation by supplying shipping 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 recognized, this gives rise to a contract liability.

The Company's main source of revenue is from ship owning, operating and chartering services and has assessed the impact of the adoption of IFRS 15 on its financial statements as follows:

Shipping services

The Company is primarily engaged in chartering and shipping services. The revenues for chartering are recognized based on fixed daily rate while shipping services are recognized as per hired days only or per voyage (per ton basis) depending on the contract or fixture note. The company does not provide warranties or discounts relating to the services rendered.

Management concluded that IFRS 15 would not have any impact on the Company's financial statements as the current revenue recognition policy is in line with IFRS 15.

3.4 ACCOUNTS & OTHER RECEIVABLE

Accounts receivable represents amounts falling due as on the date of Balance Sheet. Bad debts are written off as and when they arise. Accounts receivables are stated net of provision for doubtful debts and discounts.

3.5 ACCOUNTS & OTHER PAYABLE

Payables are stated at nominal amounts payable for goods or services rendered.

3.6 PROVISIONS

Provisions are recognized when the Company has a present obligation as a result of past event & it is probable that the outflow of resources will be required to settle the obligation.

3.7 FOREIGN CURRENCY

Functional and presentation currency

The financial statements are presented in US Dollars (USD), which is the Company's functional and presentation currency.

Transaction and balances

In preparing the financial statements of the Company, monetary assets and liabilities in foreign currencies are translated into US dollars at rates of exchange closely approximating to those ruling at the end of the reporting period and transactions in foreign currencies during the financial period are translated at rates ruling on transaction dates. Non-monetary items carried at fair value that are denominated in foreign currencies are re-translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re translated.

ENERGY II LIMITED
BERMUDA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Amount in US Dollars)

3.7 FOREIGN CURRENCY (Contd...)

Exchange differences arising on the settlement of monetary items, and on re-translation of monetary items are included in the statements of comprehensive income for the period. Exchange differences arising on the re-translation of non-monetary items carried at fair value are included in the statements of comprehensive income except for differences arising on the re-translation of non-monetary items in respect of which gains and losses are recognized directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognized directly in equity.

For consolidation purposes, the assets and liabilities of the foreign subsidiaries are translated at the rate of exchange ruling at the end of the reporting period and statements of comprehensive income items are translated at the average rate. The effects of translation are taken directly to foreign currency translation reserves within equity. Such translation differences are recognized in statements of comprehensive income in the period in which its subsidiary is disposed off.

3.8 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash and bank balances.

3.9 RELATED PARTY TRANSACTIONS

The Company, in the ordinary course of its business, enters into trading and financing transactions with concerns which fall within the definition of "related party" as contained in International Accounting Standard 24. The balances due to/from such parties, which have been disclosed separately in the Notes to the financial statements, are unsecured and repayable on demand. The management believes that the terms of the trading transactions are not materially different from those that could have been obtained from unrelated parties.

3.10 CRITICAL ACCOUNTING JUDGEMENTS & KEY SOURCES OF ESTIMATION UNCERTAINTY

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

Estimates & underlying assumptions are reviewed on a going basis. Revisions to accounting estimates are recognized 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 & future periods.

3.11 LEASES

Policy applicable from January 1, 2019

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-incentives and SIC-27 Evaluating the Substance of Transactions involving the Legal form of a lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single balance sheet model.

The company adopted IFRS 16 using the practical expedient with effect from the date of initial application of January 01, 2019. The company also elected to use the recognition exemptions for lease contracts at the commencement date for leases having term of 12 months or less and for lease contracts for which the underlying asset is of low value.

Lease payments not recognized as liability and right of use asset as on date of initial application:

The Company has elected not to recognize a lease liability and right of use assets for short term leases (leases of expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognized as lease liabilities and are expensed as incurred.

4 CASH & CASH EQUIVALENTS	As at March 31, 2022	As at March 31, 2021
Balances with banks in current accounts	89,605	58,922
Closing Balance	89,605	58,922

ENERGY II LIMITED
BERMUDA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Amount in US Dollars)

5 DUE FROM RELATED PARTIES	As at March 31, 2022	As at March 31, 2021
Essar Capital Holding Limited	63,261,185	60,911,431
Less: ECL provision for doubtful due from related parties	(5,199,553)	(2,599,777)
Essar Projects Limited*	60,557	3,407,475
Less: ECL provision for doubtful due from related parties	(519)	(122,760)
Essar Global Fund Limited*	3,473,929	-
Essar Capital (Mauritius) Limited	-	-
Essar Shipping DMCC	164,038	-
IDH International Drilling Holdco Limited	13,210,559	13,210,559
Less: Provision for doubtful due from related parties	(13,210,559)	(13,210,559)
Closing Balance	61,759,637	61,596,369

Management assessed the expected credit losses as prescribed by the requirements of IFRS 9 against due from related parties and concluded that apart from provision of USD 2,599,776/- there will not be any material impact on financial statements. Company has applied the simplified approach to measuring the expected credit losses which uses lifetime expected loss allowance for receivables due from related parties.

* During the year, the dues from Essar Projects Limited, amounting to USD 3.44 million, including the interest accrued thereof have been assigned to Essar Global Fund Limited vide an assignment agreement effective January 1, 2022.

6 DUE TO RELATED PARTY	As at March 31, 2022	As at March 31, 2021
Essar Shipping DMCC	-	35,962
Closing Balance	-	35,962

7 OTHER INCOME	2021-22	2020-21
Interest income on loans	2,726,787	2,722,537
Provision written back *	430,965	-
Total	3,157,752	2,722,537

* During the year, the due from Essar Projects Limited, amounting to USD 3.44 million has been assigned to Essar Global Fund Limited vide an assignment agreement effective January 1, 2022. Hence, provision on the interest amount due from Essar Projects limited has now been reversed to the extent of interest amount assigned to Essar Global Fund Limited.

8 GENERAL AND ADMINISTRATIVE EXPENSES	2021-22	2020-21
Legal and professional fees	18,747	18,966
Exchange Gain/(Loss)	36	-
Miscellaneous expense	-	7
Bank charges	262	164
Sundry balances written off	22	14,949
Total	19,067	34,086

9 PROVISION FOR IMPAIRMENT OF RECEIVABLE	2021-22	2020-21
IDH International Drilling Holdco Limited	-	40,000
Essar Capital Holding Limited*	2,599,776	2,599,777
Essar Projects Limited*	308,724	122,760
Total	2,908,500	2,762,537

* During the year, the management accounted an interest income on the receivables of Essar Capital Holding Limited and Essar Project Limited and subsequently made a provision on the interest amount accrued.

ENERGY II LIMITED
BERMUDA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Amount in US Dollars)

10 FINANCIAL INSTRUMENTS	As at March 31, 2022	As at March 31, 2021
Financial Instruments by category		
<i>Financial Assets</i>		
Cash & cash equivalents	89,605	58,922
Due from related parties	61,759,637	61,596,369

Financial Liabilities

Due to related party - 35,962

Financial instruments means Financial Assets, Financial Liabilities and Equity Instruments. Financial Assets of the establishment include Accounts & other receivables, cash and bank balance, due from related parties. Financial Liabilities include due to related party.

The management believes that the fair value of the Financial Assets and Liabilities are not significantly different from their carrying amounts at balance Sheet date.

The main risk arising from the Company's financial instruments are Currency Risk, Credit Risk and Interest Rate Risk.

a. Currency Risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Company's major exposure is in United States Dollar, Arab Emirates Dirhams and Indian Rupees and hence currency risk is present.

Currency Risk Management

The majority of the transactions and balances are in either US dollar or UAE dirham. UAE dirham is pegged to US dollar, balances in UAE dirham are not considered to represent significant foreign currency risk.

b. Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial Assets, which potentially expose the establishment to credit risk, comprise mainly of bank accounts and receivables.

Credit Risk Management

The establishment's bank accounts are placed with high credit quality financial institution. The establishment manages credit risk with respect to receivables from customers by monitoring in accordance with defined policies and procedures. Credit risk is limited to the carrying value of financial assets in the balance sheet.

c. Interest Rate Risk

The company advances amount to/from its related parties by interest bearing loans. Further the Interest Rates are fixed with all the related parties. Hence, Interest Rate Risk is low.

11 SIGNIFICANT EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

There are no significant events occurring after the balance sheet date, which require disclosure in the financial statements.

12 PREVIOUS PERIOD FIGURES:

Comparative figures for the previous period have been regrouped and reclassified, wherever necessary to confirm to the current period presentation.

13 ROUNDING OFF

The figures in these financial statements have been rounded to the nearest US Dollar.

The accompanying notes form an integral part of these financial statements.

The report of the auditors is set out on page 1 to 3

FOR
ENERGY II LIMITED


RANJIT SINGH CAPT. RAHUL BAHRGAVA
DIRECTOR DIRECTOR